PUBLIC MEETING OF THE NEBRASKA REAL PROPERTY APPRAISER BOARD
BY VIRTUAL CONFERENCING
Thursday, February 17, 2022, 9:00 a.m.
Nebraska Real Property Appraiser Board Office, First Floor, Nebraska State Office Building
301 Centennial Mall South, Lincoln, Nebraska

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AGENDA

A. Opening 9:00 a.m.

B. Notice of Meeting (Adopt Agenda)

The Nebraska Real Property Appraiser Board will meet in executive session for the purpose of reviewing applicants for credentialing; applicants for appraisal management company registration; investigations; pending litigation, or litigation that is imminent as evidenced by communication of a claim or threat of litigation; and employee performance evaluation. The Board will exit executive session at 10:00 a.m. If needed, the Board will re-enter executive session at the conclusion of the public agenda items discussion to complete review of the above-mentioned items. The Board will not take action on agenda items C, D, E, and F until executive session is completed.

C. Credentialing as a Nebraska Real Property Appraiser 1-17

1. New Applicants for Certified Residential Credential through Education, Experience, and Examination
   a. CR22001
2. New Applicants for Certified General Credential through Education, Experience, and Examination
   a. CG21030

D. Registration as an Appraisal Management Company 1-3

1. Applicants for Renewal of Appraisal Management Company Registration
   a. NE2012061

E. Consideration of Compliance Matters 1

1. Active Investigations
   a. 21-05
2. Post-Board Action Matters
   a. 21-04

F. Consideration of Other Executive Session Items 1-40

1. 2022.02
2. Personnel Matters

G. Welcome and Chair's Remarks *(Public Agenda 10:00 am)*

H. Board Meeting Minutes

1. Approval of January 20, 2022 Meeting Minutes 1-11

Q. Other Business

1. Board Meetings
2. Conferences/Education
3. Memos from the Board
4. Quarterly Newsletter
5. Appraisal Subcommittee
   a. Independent analysis of the Uniform Standards of Professional Appraisal Practice (USPAP) and the Real Property Appraiser Qualification Criteria (AQB Criteria), funded by the ASC 1-84
6. The Appraisal Foundation
   a. TAF February Newsletter 85-86
   b. TAF Call for Applicants - Board of Trustees 87-88
   c. AQB Public Meeting: May 19, 2022 – Virtual
   d. AQB Public Meeting: September 29, 2022 – Virtual
   e. TAF BOT Public Meeting: November 3-5, 2022 – Boston, MA
   f. Appraiser Qualifications Board Q&As
      i. Completing An Appraisal Without a Client (for Experience Credit) 89
      ii. Hybrid Course Offerings 90
      iii. PAREA & Geographical Competency 91
      iv. The Appraisal Experience Log and Successful Completion of a PAREA Program 92
      v. Verifying Qualifying Education after the Successful Completion of a PAREA Program 93-94
7. Association of Appraiser Regulatory Officials
   a. AARO Quarterly Update – 2.1.2022 95-98
8. In the News

R. Adjourn

Scheduled Appearances:

1. T.B.D. (New Business) – Jenny Tidwell, Neal Fenochietti; Appraisal Subcommittee

NEBRASKA REAL PROPERTY APPRAISER BOARD
NRPAB OFFICE MEETING ROOM, FIRST FLOOR
NEBRASKA STATE OFFICE BUILDING
301 CENTENNIAL MALL SOUTH, LINCOLN, NE

January 20, 2022 Meeting Minutes

A. OPENING

Chairperson Christopher Mustoe called to order the January 20, 2022 meeting of the Nebraska Real Property Appraiser Board at 9:00 a.m., by virtual conferencing in the Nebraska Real Property Appraiser Board meeting room located on the first floor of the Nebraska State Office Building, 301 Centennial Mall South, Lincoln, Nebraska.

B. NOTICE OF MEETING

Chairperson Mustoe announced the notice of the meeting was duly given, posted, published, and tendered in compliance with the Open Meetings Act, and all board members received notice simultaneously by email. Publication of official notice of the meeting appeared on the State of Nebraska Public Calendar found at www.nebraska.gov on January 11, 2022. The agenda was kept current in the Nebraska Real Property Appraiser Board office and on the Board's website. In accordance with the Open Meetings Act, at least one copy of all reproducible written material for this meeting, either in paper or electronic form, was available for examination and copying by members of the public. The material in paper form was available on the table in a public folder, and the material in electronic form was available on the Board's website in Public Meeting Material (https://appraiser.ne.gov/board_meetings/). A copy of the Open Meetings Act was available for the duration of the meeting. For the record, Board Members Christopher Mustoe of Omaha, Nebraska, Thomas Luhrs of Imperial, Nebraska, Wade Walkenhorst of Lincoln, Nebraska, Bonnie Downing of Dunning, Nebraska, and Cody Gerdes of Lincoln, Nebraska were present. Also present were Director Tyler Kohtz, Business and Licensing Program Manager Allison Nespor, and Business and Education Program Manager Katja Duerig, who are all headquartered in Lincoln, Nebraska.

ADOPTION OF THE AGENDA

Chairperson Mustoe reminded those present for the meeting that the agenda cannot be altered 24 hours prior to the meeting except for emergency items according to the Open Meetings Act. Board Member Luhrs moved to adopt the agenda as printed. Board Member Downing seconded the motion. With no further discussion, the motion carried with Luhrs, Walkenhorst, Downing, Gerdes, and Mustoe voting aye.

C. ELECTION OF OFFICERS

Board Member Downing nominated Thomas Luhrs as Chairperson of the Board for 2022. Board Member Walkenhorst seconded the nomination. With no further nominations or discussion, Luhrs was elected with Luhrs, Walkenhorst, Downing, Gerdes, and Mustoe voting aye.

Board Member Luhrs nominated Wade Walkenhorst as Vice-chairperson of the Board for 2022. Board Member Downing seconded the nomination. With no further nominations or discussion, Walkenhorst was elected with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Board Member Mustoe announced that it is time for him to pass the baton. Board Member Mustoe said, "I appreciate everything you've all been for me and done for me." He thanked the Board Members with whom he has served, acknowledging the longer-serving members as well as newer members. Finally, Board Member Mustoe thanked the "constants," the staff.

Chairperson Luhrs made remarks to Board Member Mustoe. The Chairperson said that he has enjoyed serving alongside Board Member Mustoe. According to Chairperson Luhrs, they have connected at several times throughout their careers, and it has been a good experience to reconnect during their years on the Board. Chairperson Luhrs thanked Board Member Mustoe for his service to the profession and to the Board.

Board Member Walkenhorst moved that the Board go into executive session for the purpose of reviewing applicants for credentialing; applicants for appraisal management company registration; investigations; pending litigation, or litigation which is imminent as evidenced by communication of a claim or threat of litigation; and employee performance evaluation. A closed session is clearly necessary to prevent needless injury to the reputation of those involved. Board Member Downing seconded the motion. The time on the meeting clock was 9:06 a.m. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Board Member Downing moved to come out of executive session at 9:39 a.m. Board Member Mustoe seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

Break from 9:39 a.m. to 10:00 a.m.

H. WELCOME AND CHAIR'S REMARKS

Chairperson Luhrs welcomed all to the meeting and noted that there were no members of the public present. The Chairperson reiterated that he has enjoyed working with Chris Mustoe on the Board.

I. NRPAB EMPLOYEE RECOGNITION AWARD

The Board recognized outgoing board member Chris Mustoe and thanked him for his service. Chairperson Luhrs presented Board Member Mustoe with a plaque and the past board member pin. Board Member Mustoe once again thanked board members and staff. He opined that the agency is in a good place, and moving forward, it will be in wonderful hands. He recognized the staff's efforts to make work easier for board members and credential holders. Finally, Board Member Mustoe wished everyone a wonderful 2022. Director Kohtz thanked Board Member Mustoe for the recognition and indicated that he and the staff have enjoyed serving him as well.

J. BOARD MEETING MINUTES

a. APPROVAL OF DECEMBER 16, 2021 MEETING MINUTES

Chairperson Luhrs asked for any additions or corrections to the December 16, 2021 meeting minutes. With no discussion, Chairperson Luhrs called for a motion. Board Member Downing moved to adopt the December 16, 2021 meeting minutes as presented. Board Member Walkenhorst seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

K. DIRECTOR'S REPORT

1. REAL PROPERTY APPRAISER AND AMC COUNTS AND TRENDS

a. Real Property Appraiser Report

Director Kohtz presented ten charts outlining the number of real property appraisers as of January 20, 2022 to the Board for review. The Director reported that every January 1st, the real property appraiser counts experience a significant drop due to non-renewed real property appraiser credentials expiring. Director Kohtz indicated that the "cliff" was not as significant as last year, and overall, the number of credentialed appraisers is stable. The Director reported that the number of real property appraisers credentialed through education, experience, and examination (not including Trainee) fared well, and indicated that the number of certified general real property appraisers remained the same, the number of certified residential real property appraisers increased by eight, and the number of licensed real property appraisers decreased by five. Director Kohtz also reported that the number of real property appraisers credentialed through reciprocity increased overall, with certified general real property appraisers increasing by eight, certified residential real property appraisers remaining the same, and the licensed residential real property appraisers increasing by one. Director Kohtz commented that three licensed residential real property appraiser credentials were issued in 2021, which has not happened in a long time. Director Kohtz summarized the thirteen-month trend of real property appraisers by classification by saying, "You can see the drop, but we are faring well and coming out better than I thought." The Director asked for any questions or comments. There was no discussion.

b. Temporary Real Property Appraiser Report

Director Kohtz presented three charts outlining the number of temporary credentials issued as of December 31, 2021 to the Board for review. The Director reported that the calendar year ended with 178 temporary credentials being issued, which is right in line with the five-year history. Director Kohtz asked for any questions or comments. There was no discussion.

c. Supervisory Real Property Appraiser Report

Director Kohtz presented two charts outlining the number of supervisory real property appraisers as of January 20, 2022 to the Board for review. The Director reported that there is once again a drop in the number of registered supervisory real property appraisers due to non-renewed credentials expiring. Director Kohtz commented that the five-year trend continues to move in a positive direction. The Director asked for any questions or comments. There was no further discussion.

d. AMC Report

Director Kohtz presented two charts outlining the number of AMCs as of January 20, 2022 to the Board for review. The Director reported that the five-year trend is stabilizing after the implementation of the AMC Final Rule. Director Kohtz indicated that he had no further comments and asked for any questions or comments. There was no discussion.

2. **DIRECTOR APPROVAL OF APPLICANTS**
   a. **Real Property Appraiser Report**
   Director Kohtz presented the Real Property Appraiser Report to the Board for review showing real property appraiser applicants approved for credentialing by the Director, and the real property appraiser applicants approved to sit for exam by the Director, for the period between December 7, 2021 and January 10, 2022. The Director asked for any questions or comments. There was no further discussion.

   b. **Appraisal Management Company Report**
   Director Kohtz presented the Appraisal Management Company Report showing appraisal management companies approved for registration by the Director for the period between December 7, 2021 and January 10, 2022. The Director asked for any questions or comments. There was no discussion.

   c. **Education Activity and Instructors Report**
   Director Kohtz presented the Education Activities and Instructors Report to the Board for review showing education activities and instructors approved by the Director for the period between December 7, 2021 and January 10, 2022. The Director asked for any questions or comments. There was no further discussion.

3. **2021-22 NRPAB GOALS AND OBJECTIVES + SWOT ANALYSIS**
   Director Kohtz presented the 2021-22 NRPAB Goals and Objectives and SWOT Analysis to the Board for review and provided a status update. The Director guided the Board to goals related to Laws, Rules, and Guidance Documents. The Director announced that the updates to Title 298 were approved by Governor Ricketts on December 16 and became effective on December 21, 2021; this goal is complete. Director Kohtz then stated that the Board's bill, LB706, was introduced by Senator Williams on January 5, 2022, so updates to the Real Property Appraiser Act are moving forward. The Director moved on to goals related to Credentialing and Registration, specifically, to explore the development of a supervisory real property appraiser eligibility list derived from a question on the Application for Renewal of Nebraska Real Property Appraiser Credential. The Director remarked that he asked OCIO for an update on the development of a quote for this project, but no response has been received; he will keep asking for updates periodically. Finally, the Director brought attention to explore use of Federal grant money to pursue development of a translator system between the NRPAB Database and the ASC Federal Registry system under Administration goals. The Director said the status of this goal is the same as the supervisory real property appraiser eligibility list. Director Kohtz asked for any questions or comments. There was no further discussion.

L. FINANCIAL REPORT AND CONSIDERATIONS – JANUARY 2022

1. APPROVAL OF DECEMBER RECEIPTS AND EXPENDITURES

The receipts and expenditures for December were presented to the Board for review in the Budget Status Report. Director Kohtz reported that this month had three pay periods, so all Personal Services expenses were higher. The Director turned the Board's attention to a DATA PROCESSING EXPENSE of $6,079.41. The Director remarked that this expenditure is higher than normal due to two bills being paid during the month; the November bill had an error that the agency required to be corrected before the bill was paid, which pushed the payment into December. Director Kohtz indicated that expenditures for the month of December totaled $40,537.51, which amounts to 41.33 percent of the budgeted expenditures for the fiscal year; 50.41 percent of the fiscal year has passed. The year-to-date expenditures for the fiscal year are $172,819.16. The Director noted that expenditures are 10 percent below budget, so now is the time to begin pushing OCIO to work on our technology projects. The Director then turned the Board's attention to revenues and reported that revenues for December were $75,136.59. The year-to-date revenues for the fiscal year are $258,085.21, and total revenues amount to 73.05 percent of the projected revenues for the fiscal year. Director Kohtz attributed the high revenues for the month of December to appraiser and AMC renewals. The Director asked for any questions or comments. There was no further discussion.

Director Kohtz then brought attention to the MTD General Ledger for December. The Director stated that he had no specific comments and asked for any questions or comments. There was no further discussion.

Director Kohtz presented three graphs showing expenses, revenues, and cash balance. The Director once again pointed out the expenditures and revenues for the month of December for the Real Property Appraiser Program, which includes both the Appraiser Fund and the AMC Fund. The Director then remarked that the cash balance for the AMC Fund is $344,657.28, the Appraiser Fund is $447,947.64, and the overall cash balance for both funds is $792,604.92. The Director asked for any questions or comments. There was no further discussion.

Board Member Walkenhorst moved to accept and file the December 2021 financial reports for audit. Board Member Mustoe seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

2. PER DIEMS

Director Kohtz informed the Board that he had no per diem requests for this meeting and asked if any board members had a request for the Board to consider. There was no discussion.

3. GOVERNOR'S BUDGET RECOMMENDATIONS, MID-BIENNIUM BUDGET ADJUSTMENTS, 2021-2023 BIENNIUM

Director Kohtz presented Governor Ricketts' Mid-Biennium Budget Adjustments, 2021-2023 Biennium to the Board for review. The Director reported that the Governor included the Board's request for a PSL appropriation increase related to the reclassification of BEPM Duerig's position in 2021. The Director asked for any questions or comments. There was no further discussion.

4. **2022 AARO MEMBERSHIP DUES**
   Director Kohtz presented an invoice from AARO for 2022 membership dues. The Director asked the Board if it would like to remain a member of AARO. All Board Members agreed to remain a member of AARO. Board Member Downing moved to approve payment of the 2022 AARO membership dues. Board Member Walkenhorst seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

M. GENERAL PUBLIC COMMENTS
Chairperson Luhrs asked for any public comments. No members of the public were present in the meeting room or participating by virtual conferencing. With no comments, Chairperson Luhrs moved on to Consideration of Education/Instructor requests.

N. CONSIDERATION OF EDUCATION/INSTRUCTOR REQUESTS: No discussion.

O. UNFINISHED BUSINESS

1. **OPEN 2ND CONGRESSIONAL DISTRICT CERTIFIED REAL PROPERTY APPRAISER REPRESENTATIVE POSITION**
   Director Kohtz brought attention to the open 2nd Congressional District Certified Real Property Appraiser Representative position. The Director informed the Board that he expects an appointment to be made soon. Board Member Mustoe said, "As long as you let me know when I need to stop coming." The Director asked for any questions or comments. There was no further discussion.

P. NEW BUSINESS: No discussion.

Q. LEGISLATIVE REPORT AND BUSINESS

1. **CURRENT LEGISLATION**
   Director Kohtz presented the first legislative report of the current session to the Board for review. The Director provided a brief summary for each bill included in the report. The Director noted that LB54 through LB489 are carryover bills, so he would not provide an update on these bills.

   LB700 – While this bill would not affect the Board, it would affect Board staff. It changes provisions relating to certain funds and would eliminate provisions relating to termination of employment and early retirement inducement notification.

   LB706 – This bill updates the Nebraska Real Property Appraiser Act to implement the Real Property Appraiser Qualifications Criteria adopted by The Appraisal Foundation's Appraiser Qualifications Board, effective on January 1, 2021; and to maintain compliance with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Director Kohtz reported that the hearing is scheduled for Monday, and that he will represent the Board. Director Kohtz indicated that he does not anticipate any problems.

   LB707 – This bill changes provisions relating to banks, financial institutions, bank subsidiaries, and residential mortgage loans and adopt certain updates to federal law. The Director remarked that this is the Department of Banking's standard update bill.

LB709 – This bill changes requirements relating to preliminary applications under the Occupational Board Reform Act, only allows for certain felony convictions to be disqualifying, and provides for a waiver of fees based on the applicant's income being more than 300% below the federal poverty level.

LB742 – This bill requires that meeting minutes be kept in writing or as an electronic file. Director Kohtz commented that this is not a worry.

LB743 – This bill provides limitations for which closed session discussions may be held under the Open Meetings Act. The Director informed the Board that bill would likely prohibit the Board from having closed session discussions about applicants and possibly investigations. The Director added that this is concerning and he will watch this bill closely.

LB769 – This bill requires certain state employees to submit to fingerprinting and criminal history record checks. Director Kohtz indicated that this bill would not affect the agency as it only applies to employees who have access to state and federal tax information.

LB778 – This bill provides for the efficient procurement of goods and services by governmental units and to promote the economical, nondiscriminatory, and efficient administration and completion of construction projects funded, assisted, or awarded by a governmental unit. LB778 limits or prohibits certain language or provisions from state contracts. The Director reported that this type of bill appears every year, but doesn't go anywhere, so he will not be watching it closely.

LB823 – This bill prohibits state agencies from imposing annual filing and reporting requirements on charitable organizations. The Director remarked that this would not affect the agency.

LB892 – This bill changes provisions of the Nebraska Real Estate License Act. It provides for the public marketing by a real estate broker, associate broker, or real estate salesperson for sale an equitable interest in a contract for the purchase of real property between a property owner and a prospective purchaser.

LB908 – This bill provides additional requirements for virtual conferencing under the Open Meetings Act. According to the Director, this bill removes all authorization to take motions or actions during virtual conferencing for public meetings and requires that a subsequent meeting be scheduled to move on any items discussed during a meeting held by virtual conferencing. This bill would render virtual conferencing useless for the most part.

Director Kohtz asked for any questions or comments concerning the legislative report. The Director asked if there is a bill that is not included in the report that may be of importance to the Board, that he be contacted to have it added to the list. There was no further discussion.

2. **TITLE 298**
   Director Kohtz again reported that the Governor approved the Board's adopted changes to Title 298 on December 16, and the changes became effective on December 21, 2021. The Director asked for any questions or comments. There was no further discussion.

3. **OTHER LEGISLATIVE MATTERS**
   Director Kohtz asked the Board if it had any other legislative matters that it wished to discuss. There was no further discussion.

R. ADMINISTRATIVE BUSINESS

1. **GUIDANCE DOCUMENTS**
   a. **21-01: Real Property Appraiser, Education Activity, and Appraisal Management Company Application Approval (Retire)**
      Director Kohtz presented guidance document number 21-01 to the Board for consideration to retire. The Director reported that the guidance in this document has been incorporated into Title 298, and the guidance document can now be retired. Board Member Downing moved to retire Guidance Document 21-01. Board Member Walkenhorst seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

2. **INTERNAL PROCEDURAL DOCUMENTS:** No discussion.

3. **FORMS, APPLICATIONS, AND PROCEDURES:** No discussion.

S. OTHER BUSINESS

1. **BOARD MEETINGS:** No discussion.

2. **CONFERENCES/EDUCATION**
   a. **Spring AARO Conference; May 13-15, 2022 – San Antonio, TX**
      Director Kohtz reported that the Spring 2022 AARO Conference would take place on May 13-15 in San Antonio, Texas. The Director informed the Board that he plans to attend and asked for permission to attend the conference on behalf of the Board. No board members expressed interest in attending. Board Member Walkenhorst moved to approve Director Kohtz for attendance at the Spring 2022 AARO Conference on May 13-15, 2022. Board Member Downing seconded the motion. The motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

3. **MEMOS FROM THE BOARD:** No discussion.

4. **QUARTERLY NEWSLETTER:** No discussion.

5. **APPRAISAL SUBCOMMITTEE**

   a. **A Proposed Rule by the Federal Financial Institutions Examination Council on 01/13/2022 – Appraisal Subcommittee, Appraiser Regulation; Temporary Waiver Requests**

   Director Kohtz presented an entry in volume 87, number 9 in the Federal Register titled, "Appraisal Subcommittee: Appraiser Regulation; Temporary Waiver Requests" to the Board for review. The Director reported that this notice of proposed rulemaking and request for public comment related to the amendment of existing rules of practice and procedures governing temporary waiver proceedings to provide for greater transparency and clarity on temporary waiver proceedings. A clear distinction is made between a request from a State appraiser regulatory agency for a temporary waiver, and information received from other persons or entities, which is to be referred to as a petition. Director Kohtz asked for any questions or comments. There was no discussion.

   b. **ASC Meeting: March 9, 2022**

   Director Kohtz announced that the next ASC Meeting would take place on March 9, 2022. The Director asked for any questions or comments. There was no discussion.

   c. **ASC September 15, 2021 Meeting Minutes**

   Director Kohtz presented the ASC September 15, 2021 meeting minutes to the Board for review. The Director brought attention to a discussion in which The Appraisal Foundation indicates that, in the past, it has requested grant funding from the ASC to send a copy of USPAP to real property appraisers, but that the ASC denied the request. Director Kohtz remarked that he found it interesting that this request has not previously been made public and added that he thinks this would be good idea. The Director asked for any questions or comments. There was no further discussion.

6. **THE APPRAISAL FOUNDATION**

   a. **TAF January Newsletter**

   Director Kohtz presented The Appraisal Foundation's January newsletter to the Board for review and informed the Board that he had no specific comments. The Director asked for any questions or comments. There was no discussion.

   b. **Updates from the AQB**

   Director Kohtz presented a document titled, "Updates from the AQB." The Director guided the Board to page S.20 in the packet and noted the chart indicating where states stand on the adoption of PAREA. The Director then moved on to page S.22 and informed the Board that the AQB is in the process of developing a course delivery mechanism approval alternative to IDECC, which is anticipated to be ready in 2022. Director Kohtz opined that the course delivery mechanism will likely be incorporated into the AQB approval process. Director Kohtz asked for any questions or comments. There was no further discussion.

   c. **ASB Public Meeting: October 20, 2022 – Virtual**

   Director Kohtz announced that the ASB will hold a virtual public meeting on October 20, 2022. The Director asked for any other questions or comments. There was no further discussion.

7. **ASSOCIATION OF APPRAISER REGULATORY OFFICIALS**
   a. **AARO President's Report 12-17-21**
      Director Kohtz presented the AARO President's Report dated December 17, 2021 to the Board for review. The Director stated that he was shocked to read that only 43 of 53 member jurisdictions are "paying" members of AARO. Director Kohtz then brought attention to discussion of AARO's goal to, "Standardize the continuing education application and approval process for continuing education between states…" The Director commented that this has been talked about for years, but that it is difficult to get states to agree on such of a program. The Director asked for any questions or comments. There was no further discussion.

8. **IN THE NEWS:** No discussion.

D. CREDENTIALING AS A NEBRASKA REAL PROPERTY APPRAISER

Board Member Walkenhorst moved to take the following actions for the applicants as listed:

CG21020 / Approve to sit for exam and authorize Director to issue credential as a Certified General real property appraiser upon providing evidence of successful completion of the national uniform licensing and certification examination and providing the necessary fees. Send redacted copy of the USPAP Compliance Review Report and issue a written advisory addressing deficiencies in USPAP Compliance Review Report.

Board Member Downing seconded the motion. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

E. REGISTRATION AS APPRAISAL MANAGEMENT COMPANY

Board Member Walkenhorst moved to take the following actions for the appraisal management company as listed:

NE2012054 / Approve renewal of registration as appraisal management company and issue written advisory reminding applicant of the importance of answering questions correctly on an application.

Board Member Downing seconded the motion. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

F. CONSIDERATION OF COMPLIANCE MATTERS

Board Member Walkenhorst moved to take the following actions for compliance matters:

21-05 / Ongoing.
20-11 / Close.

Board Member Downing seconded the motion. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

G. CONSIDERATION OF OTHER EXECUTIVE SESSION ITEMS

1. 2021.10

The Board reviewed an Application for Preliminary Criminal History Review for a potential real property appraiser and considered the Findings of Fact and Conclusions of Law prepared by Special AAG Blake, as requested by the Board at its December meeting.

2. 2022.01

The Board reviewed a matter in which a real property appraiser may have been untruthful on the initial application for credentialing after a criminal history record check related to the renewal of the real property appraiser credential revealed background information. Board Member Walkenhorst moved to close this matter. Board Member Downing seconded the motion. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

3. PERSONNEL MATTERS: No discussion.

Board Member Walkenhorst moved to take the following actions for other executive session items:

2021.10 / Adopt Findings of Fact and Conclusions of Law
2022.01 / Close

Board Member Downing seconded the motion. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye.

T. ADJOURNMENT

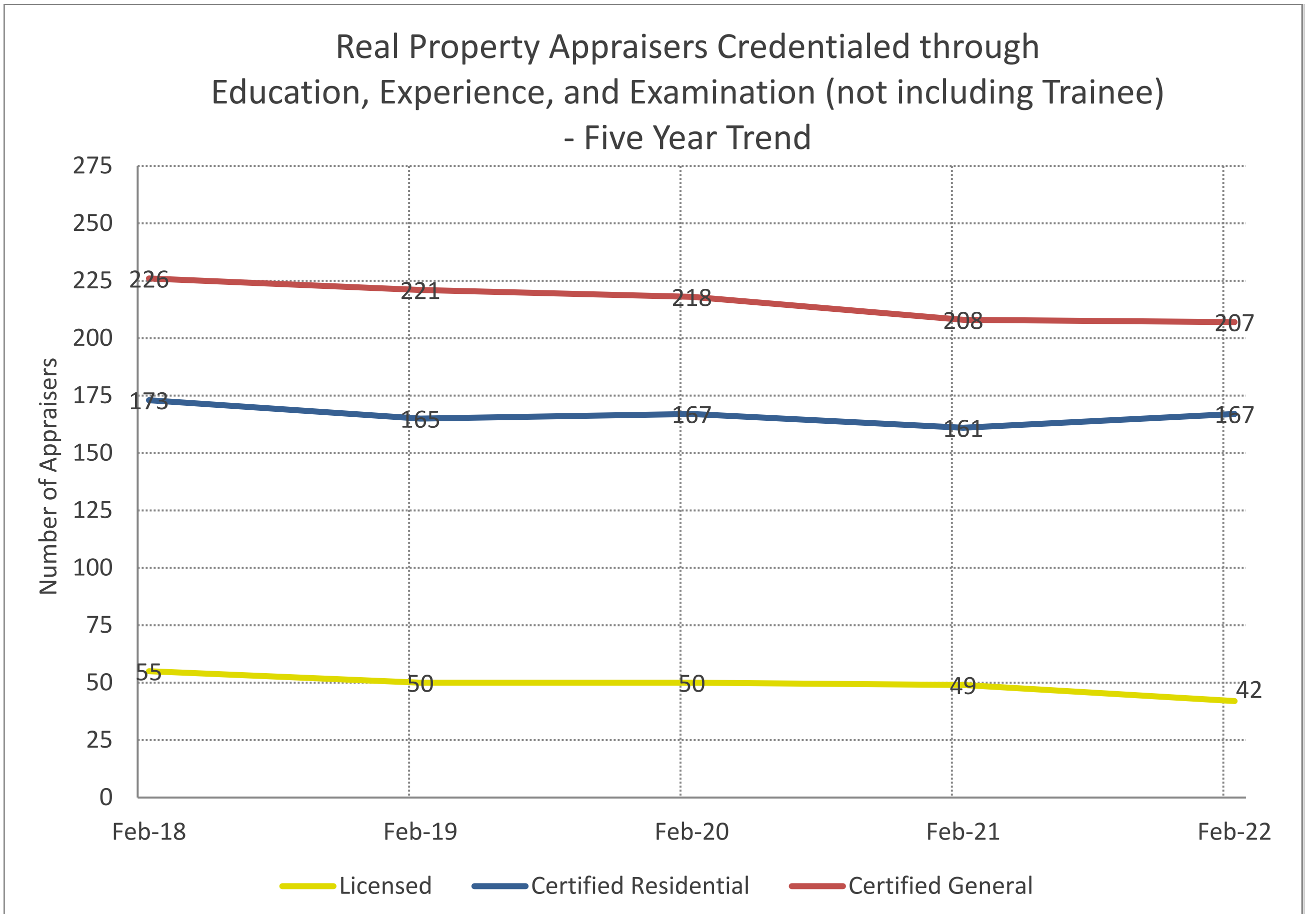
Board Member Mustoe moved to adjourn the meeting. Board Member Downing seconded the motion. Motion carried with Walkenhorst, Downing, Gerdes, Mustoe, and Luhrs voting aye. At 10:49 a.m., Chairperson Luhrs adjourned the January 20, 2022 meeting of the Real Property Appraiser Board.

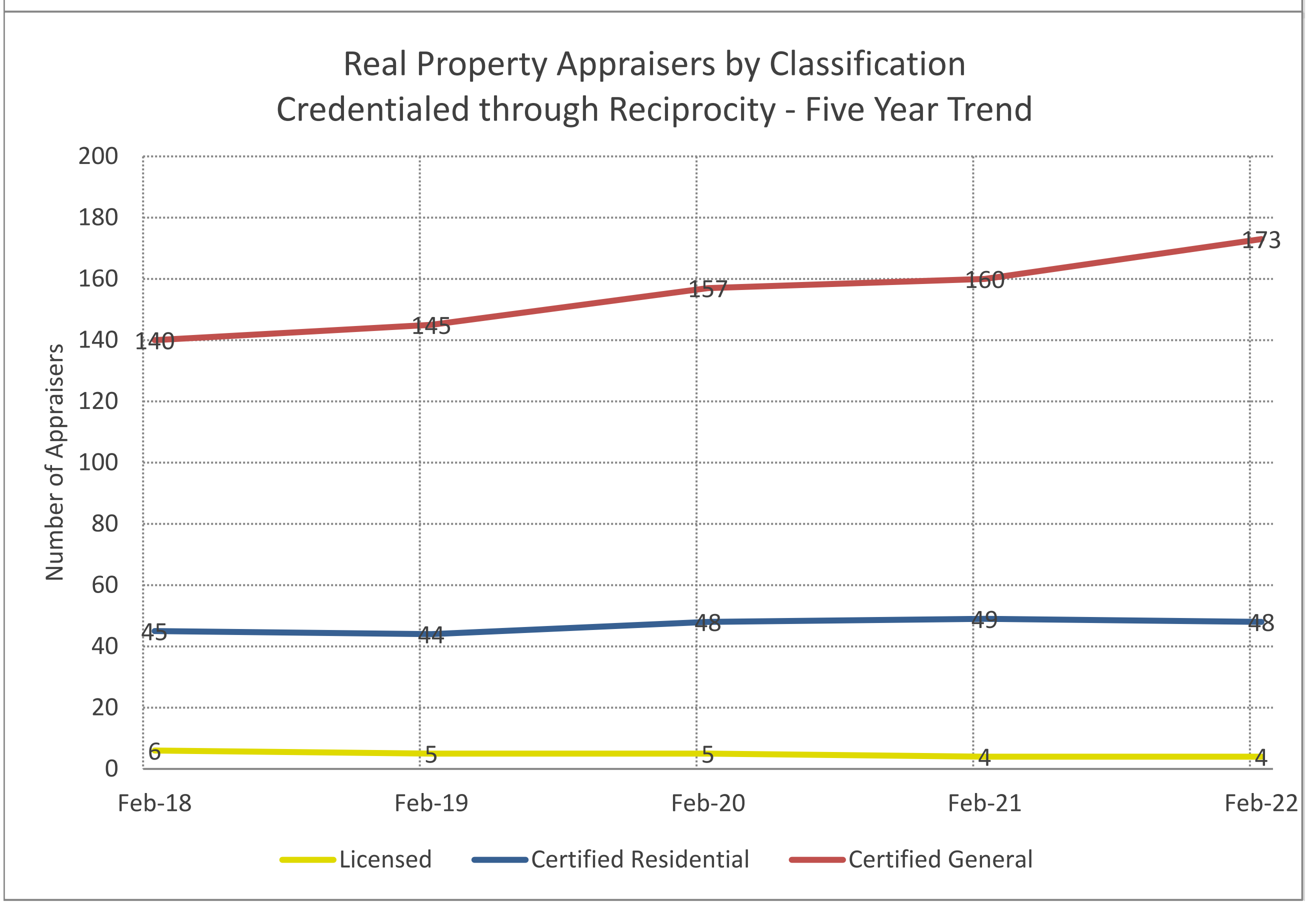
Respectfully submitted,

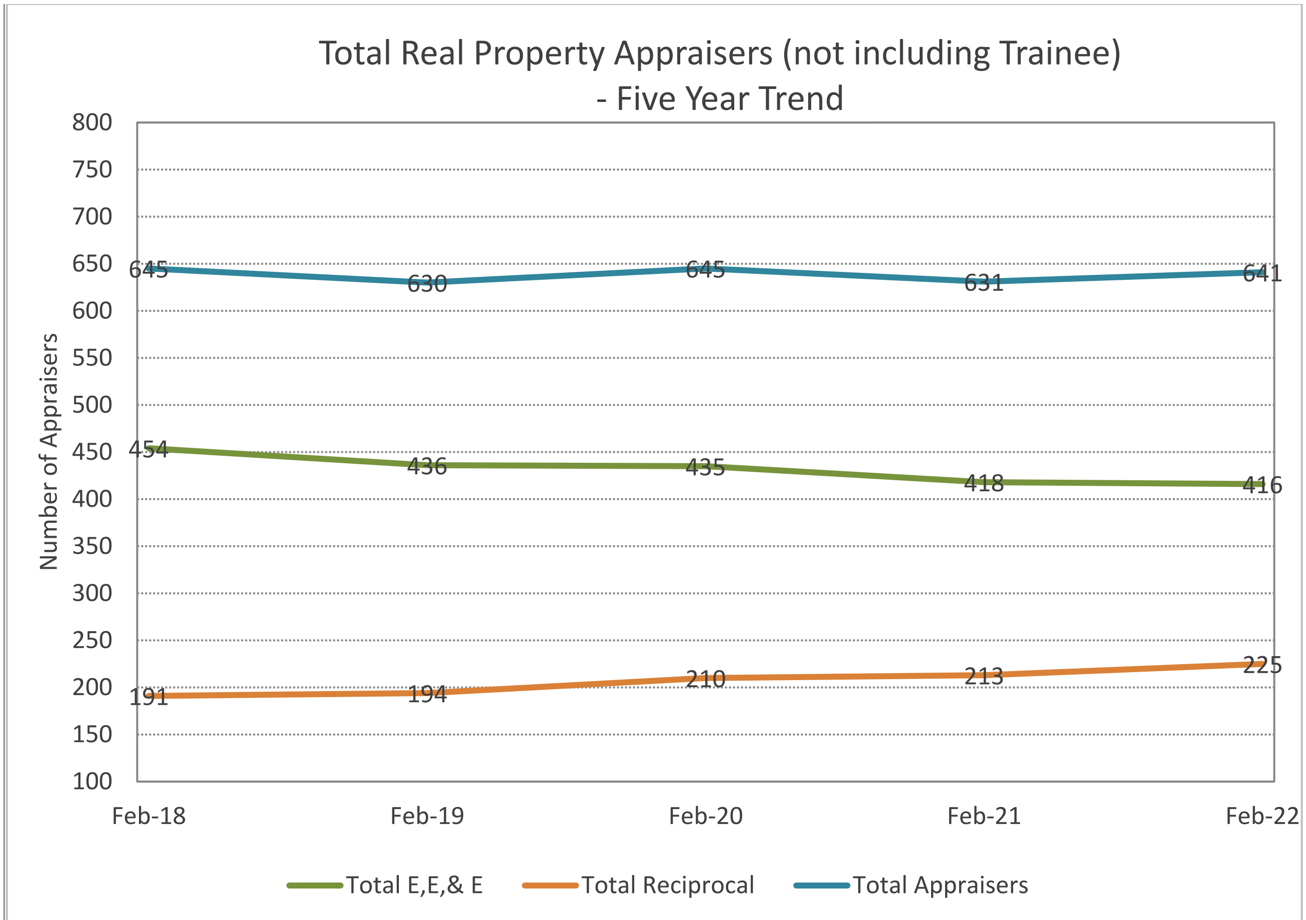
Tyler N. Kohtz
Director

These minutes were available for public inspection on February 3, 2022, in compliance with Nebraska Revised Statute § 84-1413 (5).

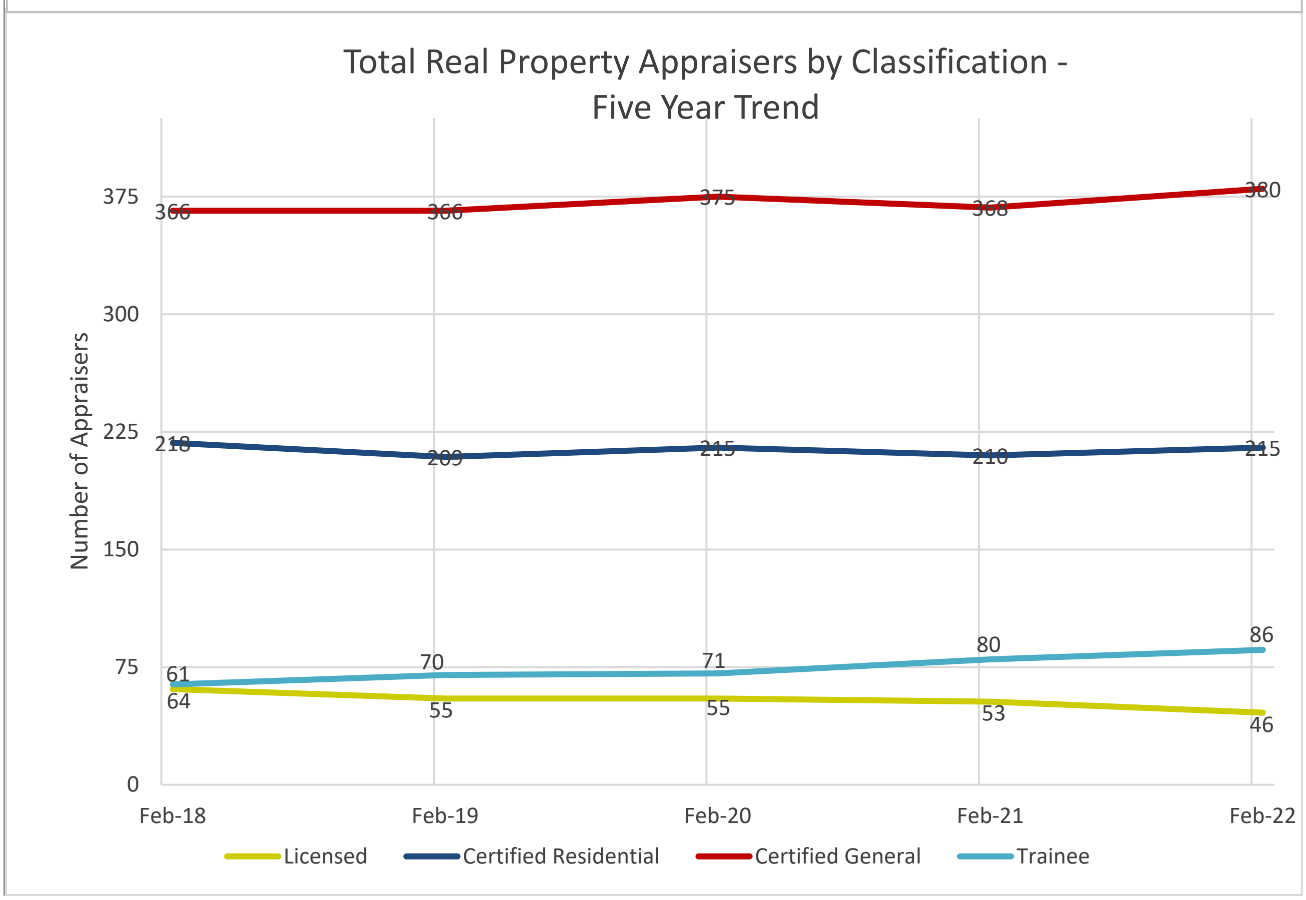
Real Property Appraiser Report



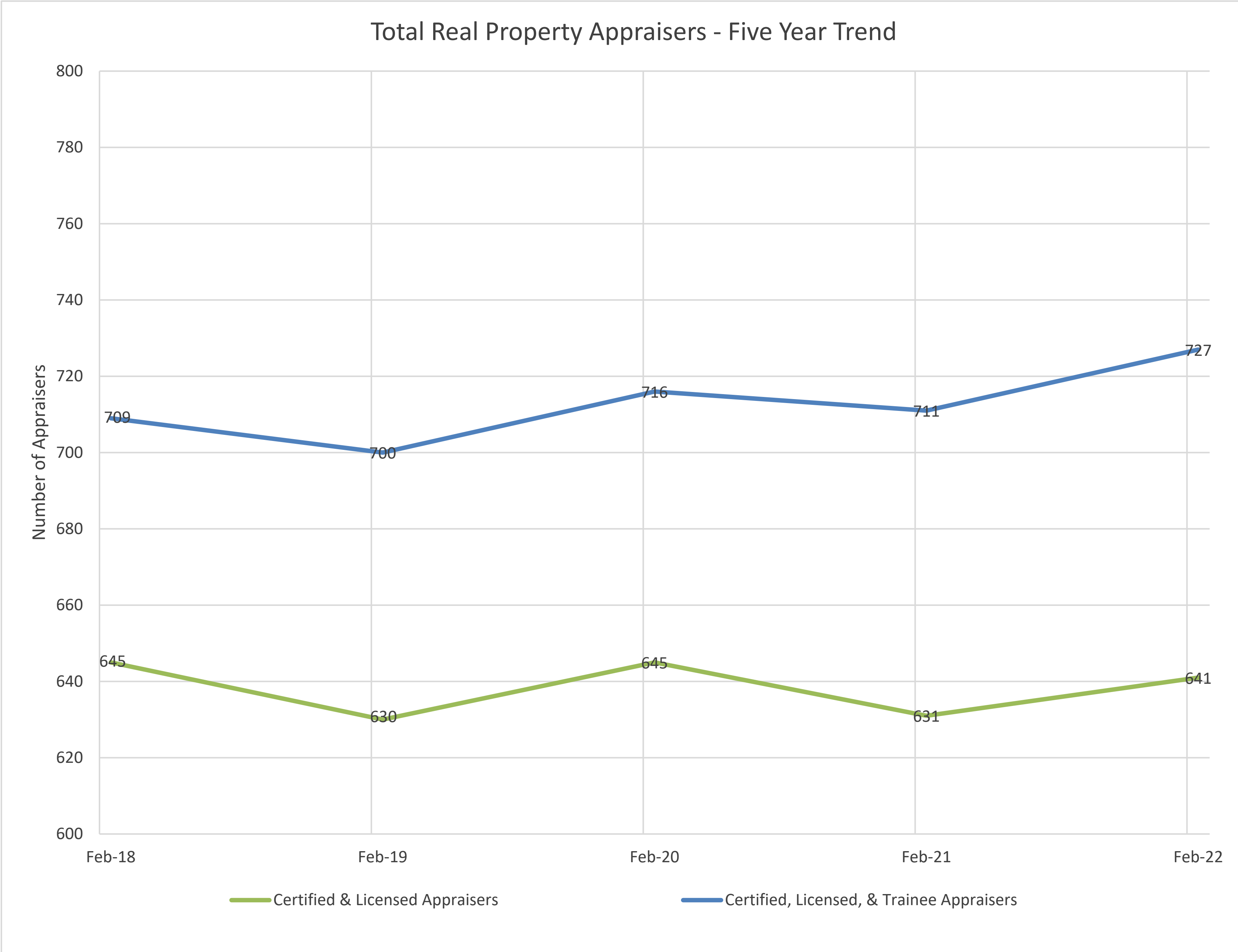




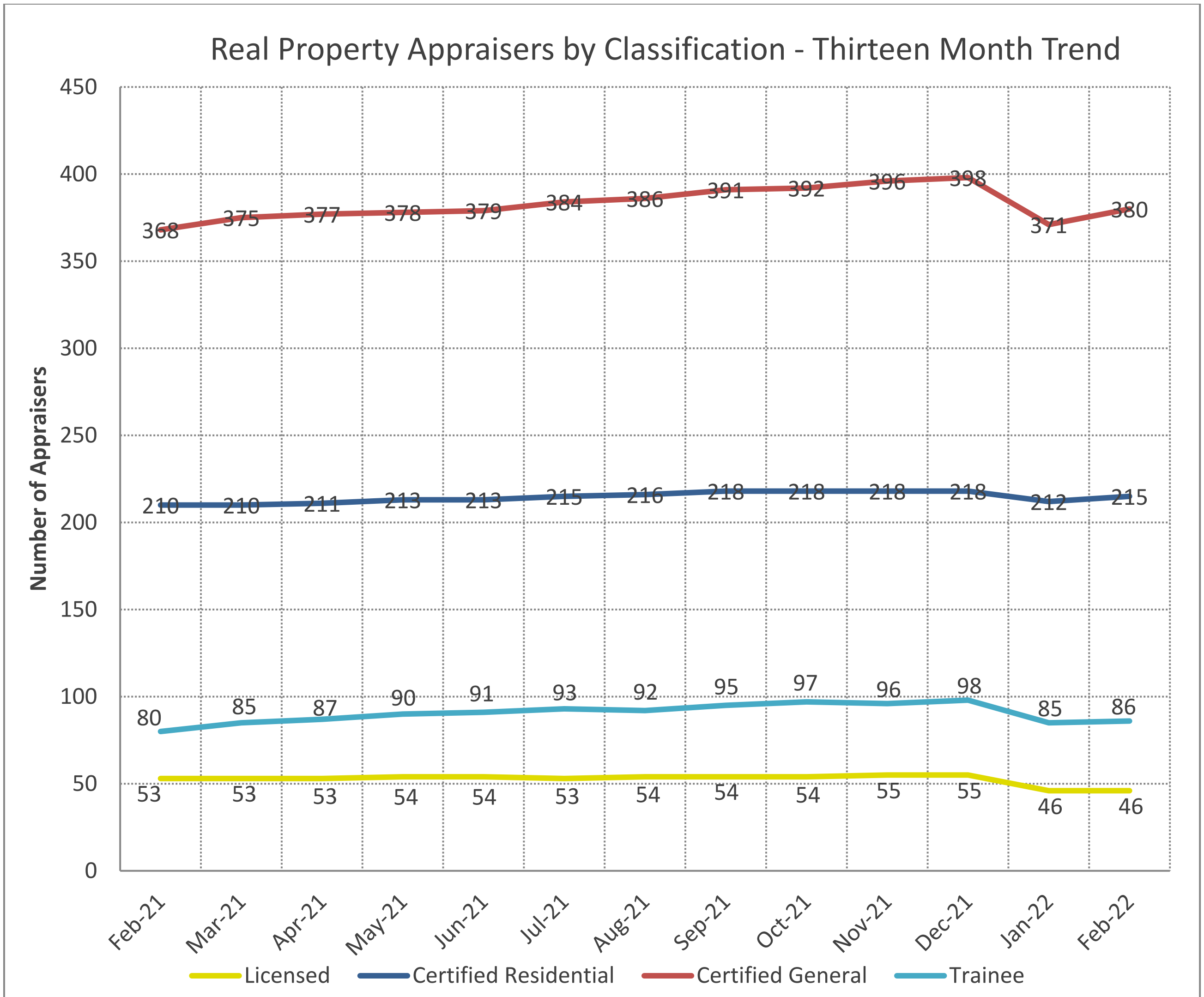
Total Real Property Appraisers (not including Trainee) - Five Year Trend
Number of Appraisers
800
750
700
650
600
550
500
450
400
350
300
250
200
150
100
645
630
645
631
641
454
436
435
418
416
191
194
210
213
225
Feb-18
Feb-19
Feb-20
Feb-21
Feb-22
Total E,E,& E
Total Reciprocal
Total Appraisers

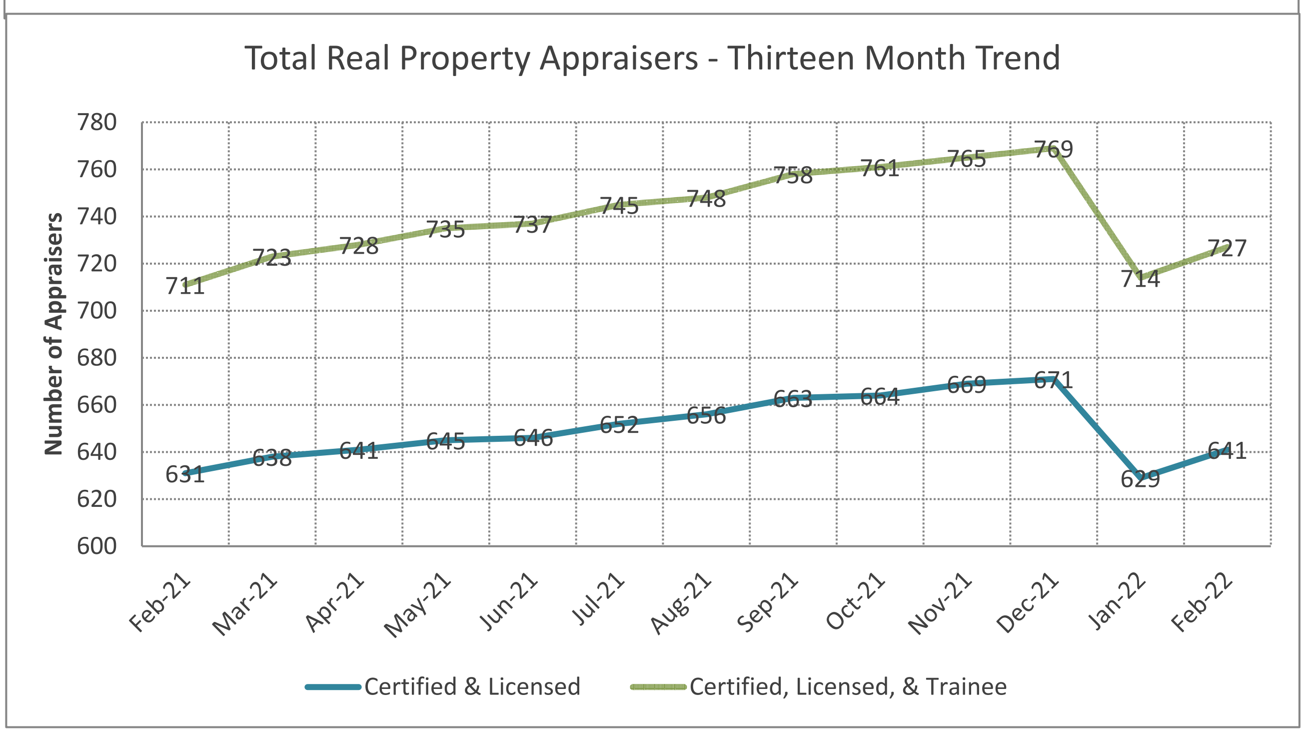


Total Real Property Appraisers by Classification - Five Year Trend
Number of Appraisers
375
300
225
150
75
0
366
366
375
368
380
218
209
215
210
215
61
70
71
80
86
64
55
55
53
46
Feb-18
Feb-19
Feb-20
Feb-21
Feb-22
Licensed
Certified Residential
Certified General
Trainee

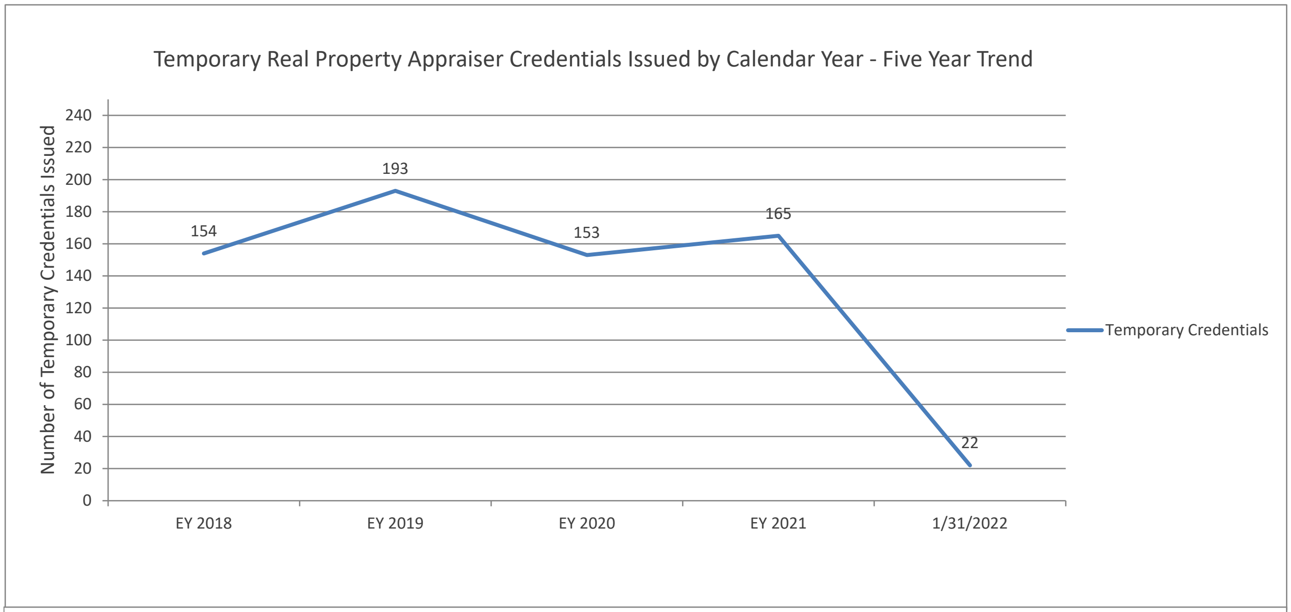

Total Real Property Appraisers - Five Year Trend
Number of Appraisers
800
780
760
740
720
700
680
660
640
620
600
709
700
716
711
727
645
630
645
631
641
Feb-18
Feb-19
Feb-20
Feb-21
Feb-22
Certified & Licensed Appraisers
Certified, Licensed, & Trainee Appraisers

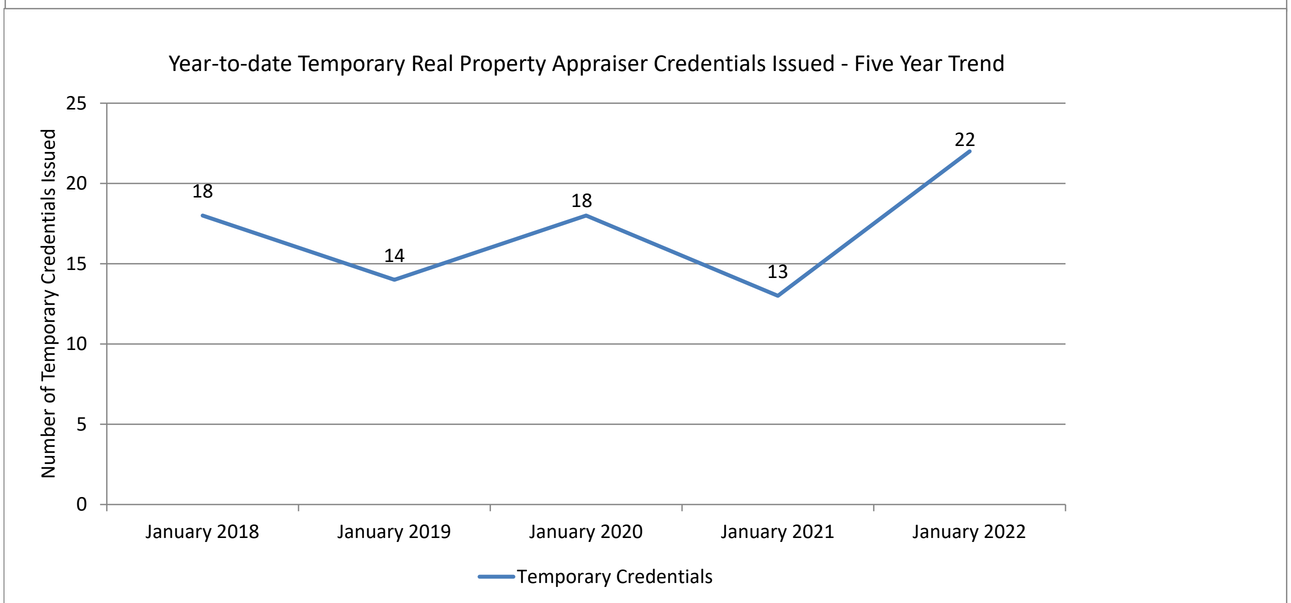
I.3

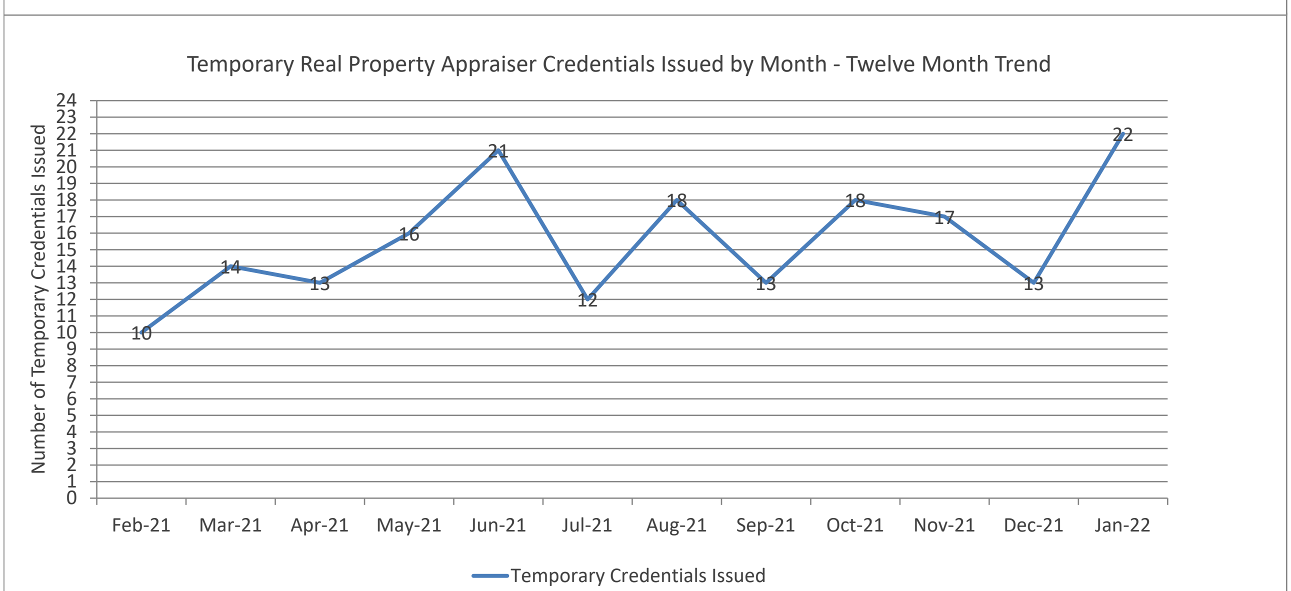

Real Property Appraisers by Classification - Thirteen Month Trend
Number of Appraisers
450
400
350
300
250
200
150
100
50
0
368
375
377
378
379
384
386
391
392
396
398
371
380
210
210
211
213
213
215
216
218
218
218
218
212
215
80
85
87
90
91
93
92
95
97
96
98
85
86
53
53
53
54
54
53
54
54
54
55
55
46
46
Feb-21
Mar-21
Apr-21
May-21
Jun-21
Jul-21
Aug-21
Sep-21
Oct-21
Nov-21
Dec-21
Jan-22
Feb-22
Licensed
Certified Residential
Certified General
Trainee


Total Real Property Appraisers - Thirteen Month Trend
Number of Appraisers
780
760
740
720
700
680
660
640
620
600
711
723
728
735
737
745
748
758
761
765
769
714
727
631
638
641
645
646
652
656
663
664
669
671
629
641
Feb-21
Mar-21
Apr-21
May-21
Jun-21
Jul-21
Aug-21
Sep-21
Oct-21
Nov-21
Dec-21
Jan-22
Feb-22
Certified & Licensed
Certified, Licensed, & Trainee

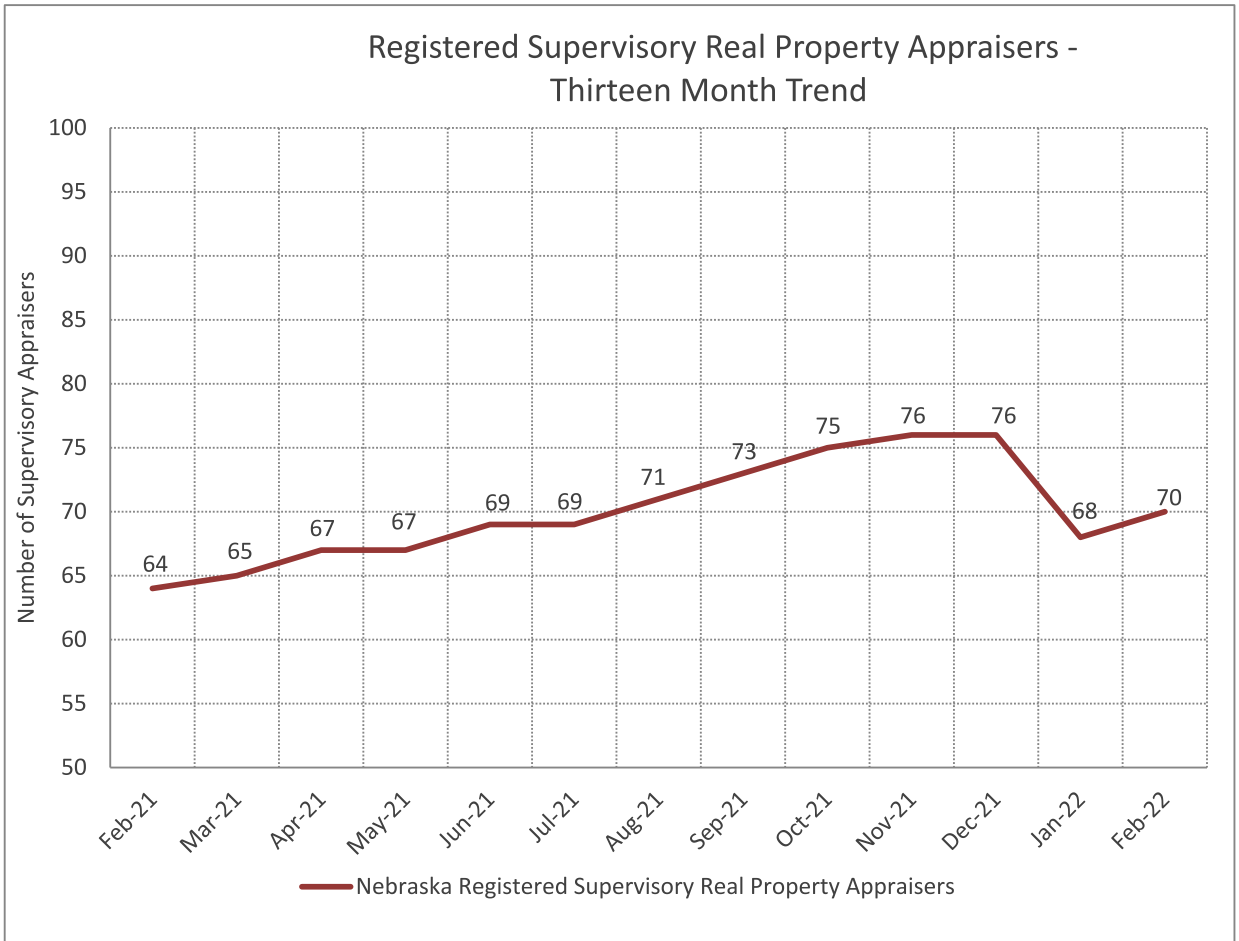
Temporary Real Property Appraiser Report

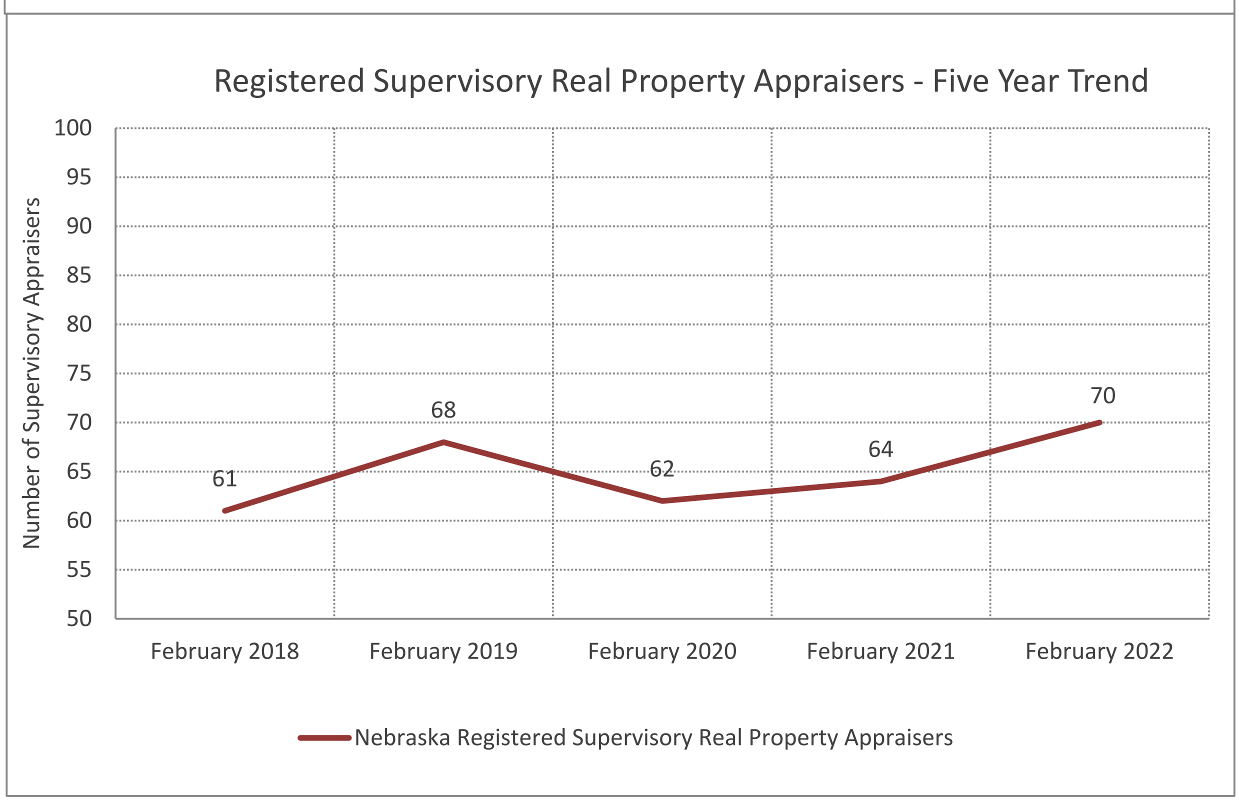




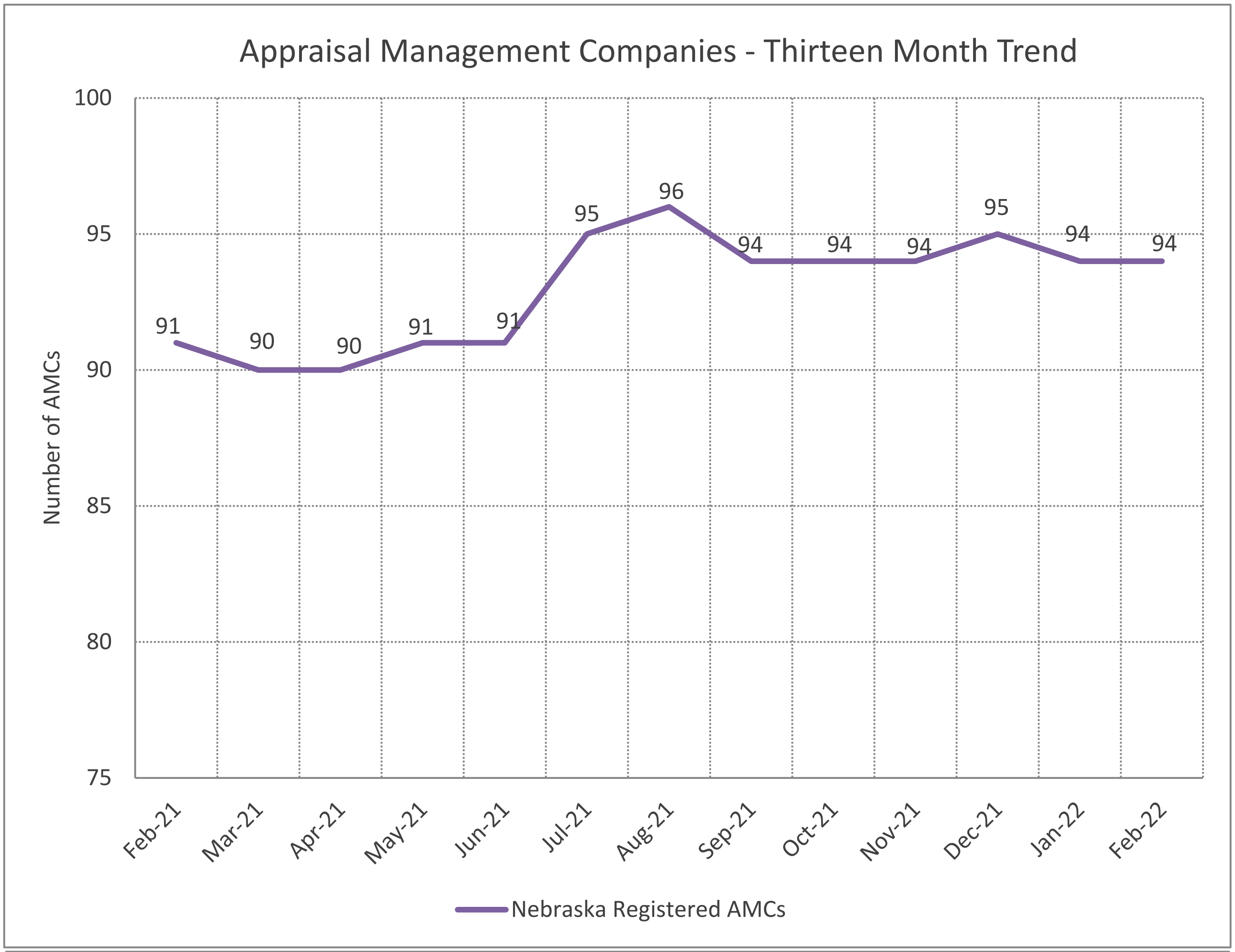


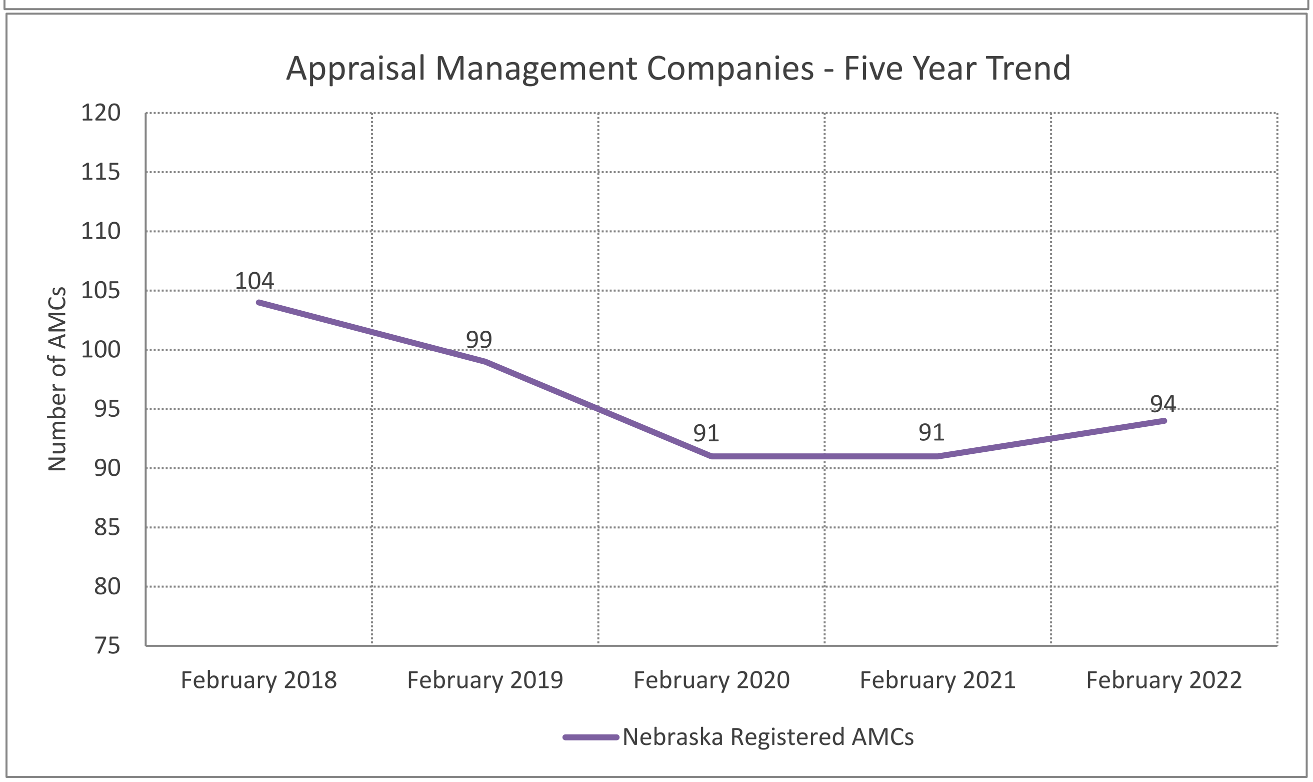
Supervisory Real Property Appraiser Report





Appraisal Management Company Report





NEBRASKA REAL PROPERTY APPRAISER BOARD

DIRECTOR APPROVAL OF REAL PROPERTY APPRAISER APPLICANTS

January 11, 2022 – February 7, 2022

New Trainee Real Property Appraisers		
T2022001	Mary Dorn	Approved February 3, 2022 with advisory, no supervisor
New Certified General Real Property Appraisers through Reciprocity		
CG22001R	Steven Hickstein	Approved January 14, 2022
Renewed Real Property Appraiser Credentials		
CG2021003R	Brent Mertz	Approved January 11, 2022
T2017017	Logan Woodward	Approved January 20, 2022
CG211065R	Jim Hollenbeck	Approved January 21, 2022
CR260116	Melissa Wisniewski	Approved January 21, 2022
CG2021017R	Ryan Kelley	Approved January 26, 2022
CG2017032R	Dennis Williamson	Approved January 28, 2022

NEBRASKA REAL PROPERTY APPRAISER BOARD

DIRECTOR APPROVAL OF EDUCATION ACTIVITY AND INSTRUCTOR(S) APPLICANTS

January 11, 2022 – February 7, 2022

Provider	Activity Number	Hours	Title	Instructor(s)	Approval Date
New Continuing Education Activities and Instructors					
ASFMRA	2211101.01	7	2022-2023 7 Hour National USPAP Course (A114)	Jeffrey Berg	January 18, 2022
	2211461.01	8	Practical Rural Appraisal: Work Problems Using the New Methodology	Jeffrey Berg	January 18, 2022
New Qualifying Education Activities and Instructors					
McKissock, LLC	1213101.03	15	Live Webinar: 2020-2021 15-hr National USPAP Course	Robert Abelson Mel Black Dan Bradley Robert McClelland Josh Walitt	January 26, 2022
	1213459.03	30	Live Webinar: Basic Appraisal Principles	Robert Abelson Mel Black Dan Bradley Patrick Kelly Robert McClelland Josh Walitt	January 26, 2022
	1213460.03	30	Live Webinar: Basic Appraisal Procedures	Robert Abelson Mel Black Dan Bradley Patrick Kelly Robert McClelland Josh Walitt	January 26, 2022

2021-22 Nebraska Real Property Appraiser Board Goals and Objectives
June 16, 2021 Strategic Planning Meeting

	SHORT TERM GOALS / OBJECTIVES	EXPECTED COMPLETION DATE	STATUS/GOAL MET	LONG TERM GOALS / OBJECTIVES	EXPECTED COMPLETION DATE	NOTES
LAWS, RULES, AND GUIDANCE DOCUMENTS	Work with the Banking Commerce and Insurance Legislative Committee's Legal Counsel to draft a bill to be introduced addressing the changes needed in the Real Property Appraiser Act, which includes but is not limited to the incorporation of PAREA as an alternative to real property appraisal practice experience and removing the limitation that a real property appraiser cannot represent him or herself as a property owner for property tax purposes.	12/31/2021	Hearing took place on January 24, 2022. Senator Williams intends to amend LB706 into a banking and finance bill.	Address changes to USPAP, Real Property Appraiser Qualifications Criteria, ASC Policy Statements, AQB CAP Program Guidelines, and Title XI as required.	Ongoing.	
	Remove engagement letter completion date requirement for issuance of a temporary real property appraiser credential from the Real Property Appraiser Act.	12/31/2021	Hearing took place on January 24, 2022. Senator Williams intends to amend LB706 into a banking and finance bill.	Harmonize Title 298 with the changes made to the Nebraska Real Property Appraiser Act and Appraisal Management Company Registration Act as needed.	Ongoing.	
	Adopt Title 298 changes to reduce unnecessary regulatory burden and remove barriers to entry into the real property appraiser profession, provide for better clarification and administration, and harmonize Title 298 with the changes made to the Nebraska Real Property Appraiser Act through LB808 in 2020 and LB23 in 2021.	12/31/2021	Completed December 16, 2021.	Continue to monitor the effectiveness of regulations to reduce unnecessary regulatory burden, remove barriers to entry into the real property appraiser profession, maintain an effective education program, and provide for better clarification and administration.	Ongoing.	
				Continue to adopt Guidance Documents for public advisement concerning interpretation of statutes and rules, and retire Guidance Documents that are no longer relevant.	Ongoing.	
				Continue to adopt internal procedures as needed to assist with the Board's administration of its programs, and retire internal procedures that are no longer relevant.	Ongoing.	
COMPLIANCE	None			Continue monitoring the effectiveness and efficiency of the Compliance Program.	Ongoing	
CREDENTIALING AND REGISTRATION	Explore development of a supervisory real property appraiser eligibility list derived from a question on the Application for Renewal of Nebraska Real Property Appraiser Credential.	6/30/2022	Estimate received from CIO on June 24, 2021 (20392-Potential Supervisory Real Property Appraiser List Derived from Application for Renewal of Nebraska Real Property Appraiser Credential Question). Board approved project at July 15, 2021 meeting. No progress made by CIO to date. Update requested on January 3, 2022.	Explore opportunities to increase the number of Nebraska resident real property appraisers.	Ongoing.	
	Explore change to testing service provider.	12/31/2021	Contacted Pearson Vue and Prometric. After discussion with TAF, it was discovered that Pearson Vue and PSI are the only approved testing service providers for the national appraiser exam administration. Response from Pearson Vue will be presented to the Board for review when received. Second contact attempt made on August 9, 2021.			
	Limit the disciplinary action reporting requirement to a set number of years based on reasonableness on the applications for credentialing.	12/31/2021	Completed July 15, 2021.			
EDUCATION	None.			None.		
PERSONNEL	None.			Continue updating the policies and procedures documents as needed to ensure compliance with state policy changes, NAPE/ASFCME contract changes, and to address general work environment needs and/or changes.	Ongoing.	
				Continue utilization of two interns to assist with processing real property appraiser renewal applications.	Ongoing.	

PUBLIC INFORMATION	Explore addition of a solid or scrolling message screen at the top of the NRPAB website for use to disseminate relevant timely information, such as notices of meetings.	6/30/2022		Encourage development of Memos from the Board and Facebook posts that contain facts of interest to the appraiser community.	Ongoing.	
				Continue utilizing the NRPAB website, NRPAB Facebook page, The Nebraska Appraiser, and Memos from the Board to disseminate relevant and important information to the appraisal business community and the general public in a timely manner. This includes information related to state and federal regulations, credentialing and registration requirements, renewal information, education information, Board policies and procedures, and other information that affects the industry.	Ongoing.	
				Continue utilization of Memos from the Board to disseminate important information in a timely manner that should not be held for the next release of The Nebraska Appraiser.	Ongoing.	
				Continue releasing new issues of The Nebraska Appraiser on a quarterly basis to disseminate important information to the appraisal business community and the general public in an effective and efficient manner.	Ongoing.	
				Continue releasing new issues of The Nebraska Appraiser on a quarterly basis to disseminate important information to the appraisal business community and the general public in an effective and efficient manner.	Ongoing.	
				Continue to monitor the effectiveness of current NRPAB website, and repair bugs and make improvements and add enhancements needed to address functionality or use.	Ongoing.	
				Explore the development and implementation of an updated NRPAB logo.	None.	
ADMINISTRATION	Explore the purchase and installation of video equipment and software needed to hold NRPAB meetings by virtual conferencing under the Open Meetings Act.	6/30/2022	Completed December 16, 2021.	Continue to monitor the effectiveness of current processes and procedures, and update processes and procedures as needed to maintain effectiveness and efficiency of the administration of the Board's programs.	Ongoing.	
	Explore use of Federal grant money to pursue development of a translator system between the NRPAB Database and the ASC Federal Registry system.	6/30/2022	Additional request for estimate made to CIO on June 23, 2021 (20397 - Develop API Translator between NRPAB Database and the ASC Federal Registries for Real Property Appraisers and AMCs). No estimate provided by CIO to date. Request for update made on November 2, 2021 and January 3, 2022.	Continue to monitor the effectiveness of current NRPAB database, repair bugs, and make improvements and add enhancements needed to address program or use changes.	Ongoing.	
	Explore online AMC renewal application and upgrade to the AMC Interface in the NRPAB Database.	6/30/2022	Estimate received from CIO on November 19, 2021 (14261-AMC Renewal Online Application and Interface). Project approved by the Board at its December 16, 2021 meeting. CIO anticipates that it will begin work in April.	Explore online real property appraiser initial applications (Reciprocity; E,E,&E; Temporary) AMC initial applications, education activity applications, and other services that require payment of a fee.	None.	
				Continue to transfer remaining paper files to electronic file format.	Ongoing.	
FINANCIALS	None.			None.		

2021-22 NRPAB SWOT Analysis			
STRENGTHS: - Customer service - Organization - Staff depth - Staff knowledge - Adaptability - Professional Diversity of Board - Modernization of Accessability	**WEAKNESSES:** - Inability to grow the industry - Efficiency loss due to database - Size of agency - Regulatory and statutory regulations	**OPPORTUNITIES:** - Growth in appraiser field - Continually evaluate how the Board and Agency operate	**THREATS:** - Agency turnover - Federal agency oversight - State economic climate - Aging appraiser population

Budget Status Report
As of 01/31/22

Agency 053 REAL PROPERTY APPRAISER BD
Division 000 Real Property App Bd
Program 079 APPRAISER LICENSING

Percent of Time Elapsed = 58.90

	ACCOUNT CODE DESCRIPTION	BUDGETED AMOUNT	CURRENT MONTH ACTIVITY	YEAR-TO-DATE ACTUALS	PERCENT OF BUDGET	ENCUMBERANCES	VARIANCE
BUDGETED FUND TYPES - EXPENDITURES							
510000 PERSONAL SERVICES							
511100	PERMANENT SALARIES-WAGES	145,603.03	9,699.28	81,606.40	56.05		63,996.63
511300	OVERTIME PAYMENTS	1,503.00	676.55	3,984.77	265.12		2,481.77-
511600	PER DIEM PAYMENTS	9,100.00		2,900.00	31.87		6,200.00
511700	EMPLOYEE BONUSES	1,000.00					1,000.00
511800	COMP TIME PAYMENT	1,502.00					1,502.00
512100	VACATION LEAVE EXPENSE	11,489.14	1,589.65	7,928.91	69.01		3,560.23
512200	SICK LEAVE EXPENSE	3,136.00	180.81	444.25	14.17		2,691.75
512300	HOLIDAY LEAVE EXPENSE	8,154.00	1,274.42	5,087.68	62.39		3,066.32
Personal Services Subtotal		181,487.17	13,420.71	101,952.01	56.18	0.00	79,535.16
515100	RETIREMENT PLANS EXPENSE	12,928.72	1,004.93	7,416.91	57.37		5,511.81
515200	FICA EXPENSE	13,839.64	937.32	7,229.55	52.24		6,610.09
515500	HEALTH INSURANCE EXPENSE	32,903.00	2,741.90	19,193.30	58.33		13,709.70
516300	EMPLOYEE ASSISTANCE PRO	37.08		37.08	100.00		
516500	WORKERS COMP PREMIUMS	1,528.00		1,528.00	100.00		
Major Account 510000 Total		242,723.61	18,104.86	137,356.85	56.59	0.00	105,366.76
520000 OPERATING EXPENSES							
521100	POSTAGE EXPENSE	2,988.99	155.55	1,649.08	55.17		1,339.91
521300	FREIGHT	200.00					200.00
521400	DATA PROCESSING EXPENSE	31,736.82	1,942.27	17,734.37	55.88		14,002.45
521500	PUBLICATION & PRINT EXPENSE	3,470.40		1,146.39	33.03		2,324.01
521900	AWARDS EXPENSE	150.00	28.00	28.00	18.67		122.00
522100	DUES & SUBSCRIPTION EXPENSE	350.00		98.66	28.19		251.34
522200	CONFERENCE REGISTRATION	1,080.00		515.00	47.69		565.00
524600	RENT EXPENSE-BUILDINGS	11,351.42	939.94	6,843.25	60.29		4,508.17
524900	RENT EXP-DUPR SURCHARGE	3,859.00	321.59	2,251.13	58.33		1,607.87
527100	REP & MAINT-OFFICE EQUIP	500.00					500.00
531100	OFFICE SUPPLIES EXPENSE	4,214.40		2,483.59	58.93		1,730.81
532100	NON CAPITALIZED EQUIP PU	200.00					200.00
532280	VIDEO EQUIP	300.00		129.30	43.10		170.70
533100	HOUSEHOLD & INSTIT EXP	235.00	68.00	68.00	28.94		167.00
534900	MISCELLANEOUS SUPPLIES EXPENSE	50.00					50.00

J.1

Agency 053 REAL PROPERTY APPRAISER BD
Division 000 Real Property App Bd
Program 079 APPRAISER LICENSING

Percent of Time Elapsed = 58.90

	ACCOUNT CODE DESCRIPTION	BUDGETED AMOUNT	CURRENT MONTH ACTIVITY	YEAR-TO-DATE ACTUALS	PERCENT OF BUDGET	ENCUMBERANCES	VARIANCE
541100	ACCTG & AUDITING SERVICES	1,037.00		1,037.00	100.00		
541200	PURCHASING ASSESSMENT	90.00		83.00	92.22		7.00
541500	LEGAL SERVICES EXPENSE	35,000.00		1,600.00	4.57		33,400.00
541700	LEGAL RELATED EXPENSE	7,000.00		13.50	.19		6,986.50
542100	SOS TEMP SERV-PERSONNEL	7,680.00	1,425.61	3,861.01	50.27		3,818.99
547100	EDUCATIONAL SERVICES	1,532.50		38.00	2.48		1,494.50
554900	OTHER CONTRACTUAL SERVICE	41,855.25	2,663.50	16,222.50	38.76		25,632.75
556100	INSURANCE EXPENSE	21.00		25.95	123.57		4.95-
556300	SURETY & NOTARY BONDS	26.00					26.00
559100	OTHER OPERATING EXP	897.92	120.00	120.00	13.36		777.92
Major Account 520000 Total		155,825.70	7,664.46	55,947.73	35.90	0.00	99,877.97
570000 TRAVEL EXPENSES							
571100	BOARD & LODGING	4,938.00		2,233.44	45.23		2,704.56
571600	MEALS-NOT TRAVEL STATUS	100.00					100.00
571800	TAXABLE TRAVEL EXPENSES	1,867.26		530.65	28.42		1,336.61
572100	COMMERCIAL TRANSPORTATION	1,950.00					1,950.00
573100	STATE-OWNED TRANSPORT	200.00					200.00
574500	PERSONAL VEHICLE MILEAGE	9,553.76	71.68	2,480.24	25.96		7,073.52
575100	MISC TRAVEL EXPENSES	1,012.25	6.25	117.50	11.61		894.75
Major Account 570000 Total		19,621.27	77.93	5,361.83	27.33	0.00	14,259.44
BUDGETED EXPENDITURES TOTAL		418,170.58	25,847.25	198,666.41	47.51	0.00	219,504.17

SUMMARY BY FUND TYPE - EXPENDITURES

2	CASH FUNDS	418,170.58	25,847.25	198,666.41	47.51		219,504.17
BUDGETED EXPENDITURES TOTAL		418,170.58	25,847.25	198,666.41	47.51	0.00	219,504.17

BUDGETED FUND TYPES - REVENUES

470000 REVENUE - SALES AND CHARGES

471100	SALE OF SERVICES	350.00-	75.00-	125.00-	35.71		225.00-
471120	QUALIFYING ED COURSE FEES	750.00-		550.00-	73.33		200.00-
471121	CONTINUING ED NEW FEES	1,250.00-	50.00-	775.00-	62.00		475.00-
471122	CONTINUING ED RENEWAL FEES	100.00-		100.00-	100.00		

Budget Status Report
As of 01/31/22

Agency 053 REAL PROPERTY APPRAISER BD
Division 000 Real Property App Bd
Program 079 APPRAISER LICENSING

Percent of Time Elapsed = 58.90

	ACCOUNT CODE DESCRIPTION	BUDGETED AMOUNT	CURRENT MONTH ACTIVITY	YEAR-TO-DATE ACTUALS	PERCENT OF BUDGET	ENCUMBERANCES	VARIANCE
475150	CERTIFIED GENERAL NEW FEES	7,500.00-	1,800.00-	6,605.00-	88.07		895.00-
475151	LICENSED NEW FEES	300.00-	300.00-	900.00-	300.00		600.00
475152	FINGERPRINT FEES	2,580.00-	316.75-	2,262.50-	87.69		317.50-
475153	CERTIFIED RESIDENTIAL NEW	2,400.00-	600.00-	1,800.00-	75.00		600.00-
475154	CERTIFIED GENERAL RENEWAL	80,025.00-	4,670.00-	83,870.00-	104.80		3,845.00
475155	LICENSED RENEWAL	11,000.00-	275.00-	10,175.00-	92.50		825.00-
475156	FINGERPRINT AUDIT PROGRAM FEES	2,900.00-	115.00-	2,970.00-	102.41		70.00
475157	CERTIFIED RESIDENTIAL RENEWAL	50,875.00-	275.00-	53,900.00-	105.95		3,025.00
475161	TEMPORARY CERTIFIED GENERAL	9,000.00-	1,000.00-	5,550.00-	61.67		3,450.00-
475163	AMC REGISTERED NEW FEES	12,000.00-	2,000.00-	10,000.00-	83.33		2,000.00-
475164	AMC APPLICATION FEES	2,100.00-	350.00-	2,100.00-	100.00		
475165	AMC REGISTERED RENEWAL	126,000.00-	18,000.00-	84,000.00-	66.67		42,000.00-
475167	CERTIFIED RESIDENTIAL INACTIVE	300.00-					300.00-
475168	CERTIFIED GENERAL INACTIVE	300.00-					300.00-
475234	APPLICATION FEES	26,550.00-	3,150.00-	19,050.00-	71.75		7,500.00-
476101	LATE PROCESSING FEES	5,000.00-	850.00-	2,250.00-	45.00		2,750.00-
Major Account 470000 Total		341,280.00-	33,826.75-	286,982.50-	84.09	0.00	54,297.50-
480000 REVENUE - MISCELLANEOUS							
481100	INVESTMENT INCOME	6,250.00-	1,385.89-	6,280.90-	100.49		30.90
481101	AMC INVESTMENT INCOME	5,750.00-					5,750.00-
484500	REIMB NON-GOVT SOURCES		256.11-	415.56-			415.56
486500	MISCELLANEOUS ADJUSTMENT			125.00			125.00-
Major Account 480000 Total		12,000.00-	1,642.00-	6,571.46-	54.76	0.00	5,428.54-
BUDGETED REVENUE TOTAL		353,280.00-	35,468.75-	293,553.96-	83.09	0.00	59,726.04-

SUMMARY BY FUND TYPE - REVENUE

2	CASH FUNDS	353,280.00-	35,468.75-	293,553.96-	83.09		59,726.04-
BUDGETED REVENUE TOTAL		353,280.00-	35,468.75-	293,553.96-	83.09	0.00	59,726.04-

Agency 053 REAL PROPERTY APPRAISER BD — All Objects
Division 000 AGENCY DEFINED DIVISION — As of 01/31/22
Grant

Fund	Program	Sub-Program	Account Number	Sub-ledger	Doc Number	Tran Date	Tran Type	Batch Type	Payee/Explanation	Batch Number	Posted Code	Month to Date
25310	079	000	53105018.471100.		425175	01/06/22	RC	RB	NRPAB DEPOSIT 220106	6575601		25.00-
25310	079	000	53105018.471100.		425608	01/07/22	RC	RB	NRPAB DEPOSIT 220107	6576873		25.00-
25310	079	000	53105018.471100.		426708	01/18/22	RC	RB	NRPAB DEPOSIT 220118	6584623		25.00-
Total for Object			471100 SALE OF SERVICES									75.00-
25310	079	000	53105018.471121.		425175	01/06/22	RC	RB	NRPAB DEPOSIT 220106	6575601		50.00-
Total for Object			471121 CONTINUING ED NEW FEES									50.00-
25310	079	000	53105018.475150.		425175	01/06/22	RC	RB	NRPAB DEPOSIT 220106	6575601		300.00-
25310	079	000	53105018.475150.		425608	01/07/22	RC	RB	NRPAB DEPOSIT 220107	6576873		600.00-
25310	079	000	53105018.475150.		425813	01/11/22	RC	RB	NRPAB DEPOSIT 220111	6579224		300.00-
25310	079	000	53105018.475150.		427149	01/20/22	RC	RB	NRPAB DEPOSIT 220120	6587163		300.00-
25310	079	000	53105018.475150.		428712	01/28/22	RC	RB	NRPAB DEPOSIT 220128	6595833		300.00-
Total for Object			475150 CERTIFIED GENERAL NEW FEES									1,800.00-
25310	079	000	53105018.475151.		427149	01/20/22	RC	RB	NRPAB DEPOSIT 220120	6587163		300.00-
Total for Object			475151 LICENSED NEW FEES									300.00-
25310	079	000	53105018.475152.		425008	01/05/22	RC	RB	NRPAB DEPOSIT 220105	6573271		45.25-
25310	079	000	53105018.475152.		425175	01/06/22	RC	RB	NRPAB DEPOSIT 220106	6575601		45.25-
25310	079	000	53105018.475152.		427149	01/20/22	RC	RB	NRPAB DEPOSIT 220120	6587163		181.00-
25310	079	000	53105018.475152.		427985	01/25/22	RC	RB	NRPAB DEPOSIT 220125	6590508		45.25-
Total for Object			475152 FINGERPRINT FEES									316.75-
25310	079	000	53105018.475153.		425813	01/11/22	RC	RB	NRPAB DEPOSIT 220111	6579224		300.00-
25310	079	000	53105018.475153.		426444	01/14/22	RC	RB	NRPAB DEPOSIT 220114	6583558		300.00-
Total for Object			475153 CERTIFIED RESIDENTIAL NEW									600.00-
25310	079	000	53105018.475154.		424524	01/03/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220103	6570296		550.00-
25310	079	000	53105018.475154.		424686	01/04/22	RC	RB	NRPAB RENEWALS DEPOSIT 220104	6571996		1,375.00-
25310	079	000	53105018.475154.		425009	01/05/22	RC	RB	NRPAB RENEWALS DEPOSIT 220105	6573246		550.00-
25310	079	000	53105018.475154.		425203	01/05/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220105	6574578		2,200.00-
25310	079	000	53105018.475154.		426171	01/11/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220111	6580075		825.00-
25310	079	000	53105018.475154.		17238080	01/19/22	JE	G	NRPAB OCT-DEC 2021 ACH RETURNS	6587030		1,375.00
25310	079	000	53105018.475154.		428263	01/26/22	RC	RB	NRPAB RENEWALS DEPOSIT 220126	6593117		545.00-
Total for Object			475154 CERTIFIED GENERAL RENEWAL									4,670.00-
25310	079	000	53105018.475155.		425203	01/05/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220105	6574578		275.00-
Total for Object			475155 LICENSED RENEWAL									275.00-

J.4

Agency 053 REAL PROPERTY APPRAISER BD — All Objects
Division 000 AGENCY DEFINED DIVISION — As of 01/31/22
Grant

Fund	Program	Sub-Program	Account Number	Sub-ledger	Doc Number	Tran Date	Tran Type	Batch Type	Payee/Explanation	Batch Number	Posted Code	Month to Date
25310	079	000	53105018.475156.		424524	01/03/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220103	6570296		10.00-
25310	079	000	53105018.475156.		424686	01/04/22	RC	RB	NRPAB RENEWALS DEPOSIT 220104	6571996		25.00-
25310	079	000	53105018.475156.		425009	01/05/22	RC	RB	NRPAB RENEWALS DEPOSIT 220105	6573246		10.00-
25310	079	000	53105018.475156.		425203	01/05/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220105	6574578		55.00-
25310	079	000	53105018.475156.		425177	01/06/22	RC	RB	NRPAB RENEWALS DEPOSIT 220106	6575582		5.00-
25310	079	000	53105018.475156.		425607	01/07/22	RC	RB	NRPAB RENEWALS DEPOSIT 220107	6576864		5.00-
25310	079	000	53105018.475156.		426171	01/11/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220111	6580075		15.00-
25310	079	000	53105018.475156.		17238080	01/19/22	JE	G	NRPAB OCT-DEC 2021 ACH RETURNS	6587030		30.00
25310	079	000	53105018.475156.		427793	01/21/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220121	6589713		10.00-
25310	079	000	53105018.475156.		428263	01/26/22	RC	RB	NRPAB RENEWALS DEPOSIT 220126	6593117		10.00-
Total for Object			475156 FINGERPRINT AUDIT PROGRAM FEES									115.00-
25310	079	000	53105018.475157.		425177	01/06/22	RC	RB	NRPAB RENEWALS DEPOSIT 220106	6575582		275.00-
25310	079	000	53105018.475157.		425607	01/07/22	RC	RB	NRPAB RENEWALS DEPOSIT 220107	6576864		275.00-
25310	079	000	53105018.475157.		17238080	01/19/22	JE	G	NRPAB OCT-DEC 2021 ACH RETURNS	6587030		275.00
Total for Object			475157 CERTIFIED RESIDENTIAL RENEWAL									275.00-
25310	079	000	53105018.475161.		425008	01/05/22	RC	RB	NRPAB DEPOSIT 220105	6573271		50.00-
25310	079	000	53105018.475161.		425175	01/06/22	RC	RB	NRPAB DEPOSIT 220106	6575601		100.00-
25310	079	000	53105018.475161.		425608	01/07/22	RC	RB	NRPAB DEPOSIT 220107	6576873		150.00-
25310	079	000	53105018.475161.		426444	01/14/22	RC	RB	NRPAB DEPOSIT 220114	6583558		150.00-
25310	079	000	53105018.475161.		426708	01/18/22	RC	RB	NRPAB DEPOSIT 220118	6584623		100.00-
25310	079	000	53105018.475161.		427149	01/20/22	RC	RB	NRPAB DEPOSIT 220120	6587163		200.00-
25310	079	000	53105018.475161.		427407	01/21/22	RC	RB	NRPAB DEPOSIT 220121	6588658		50.00-
25310	079	000	53105018.475161.		427985	01/25/22	RC	RB	NRPAB DEPOSIT 220125	6590508		50.00-
25310	079	000	53105018.475161.		428452	01/27/22	RC	RB	NRPAB DEPOSIT 220127	6594615		150.00-
Total for Object			475161 TEMPORARY CERTIFIED GENERAL									1,000.00-
25310	079	000	53105018.475234.		425008	01/05/22	RC	RB	NRPAB DEPOSIT 220105	6573271		350.00-
25310	079	000	53105018.475234.		425175	01/06/22	RC	RB	NRPAB DEPOSIT 220106	6575601		350.00-
25310	079	000	53105018.475234.		425608	01/07/22	RC	RB	NRPAB DEPOSIT 220107	6576873		300.00-
25310	079	000	53105018.475234.		426444	01/14/22	RC	RB	NRPAB DEPOSIT 220114	6583558		300.00-
25310	079	000	53105018.475234.		426708	01/18/22	RC	RB	NRPAB DEPOSIT 220118	6584623		200.00-
25310	079	000	53105018.475234.		427149	01/20/22	RC	RB	NRPAB DEPOSIT 220120	6587163		1,000.00-
25310	079	000	53105018.475234.		427407	01/21/22	RC	RB	NRPAB DEPOSIT 220121	6588658		100.00-
25310	079	000	53105018.475234.		427985	01/25/22	RC	RB	NRPAB DEPOSIT 220125	6590508		250.00-
25310	079	000	53105018.475234.		428452	01/27/22	RC	RB	NRPAB DEPOSIT 220127	6594615		300.00-
Total for Object			475234 APPLICATION FEES									3,150.00-

J.5

Agency 053 REAL PROPERTY APPRAISER BD

Division 000 AGENCY DEFINED DIVISION

Grant

All Objects

As of 01/31/22

Fund	Program	Sub-Program	Account Number	Sub-ledger	Doc Number	Tran Date	Tran Type	Batch Type	Payee/Explanation	Batch Number	Posted Code	Month to Date
25310	079	000	53105018.476101.		424524	01/03/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220103	6570296		25.00-
25310	079	000	53105018.476101.		424686	01/04/22	RC	RB	NRPAB RENEWALS DEPOSIT 220104	6571996		50.00-
25310	079	000	53105018.476101.		425009	01/05/22	RC	RB	NRPAB RENEWALS DEPOSIT 220105	6573246		50.00-
25310	079	000	53105018.476101.		425203	01/05/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220105	6574578		350.00-
25310	079	000	53105018.476101.		425177	01/06/22	RC	RB	NRPAB RENEWALS DEPOSIT 220106	6575582		50.00-
25310	079	000	53105018.476101.		425607	01/07/22	RC	RB	NRPAB RENEWALS DEPOSIT 220107	6576864		25.00-
25310	079	000	53105018.476101.		426171	01/11/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220111	6580075		100.00-
25310	079	000	53105018.476101.		427793	01/21/22	RC	RB	NRPAB RENEW EFW DEPOSIT 220121	6589713		50.00-
25310	079	000	53105018.476101.		428263	01/26/22	RC	RB	NRPAB RENEWALS DEPOSIT 220126	6593117		50.00-
Total for Object			476101 LATE PROCESSING FEES									750.00-
25310	079	000	53105018.481100.		17260215	01/25/22	JE	G	OIP December 2022 2.02829%	6593271		784.83-
Total for Object			481100 INVESTMENT INCOME									784.83-
25310	079	000	53105018.484500.		425175	01/06/22	RC	RB	NRPAB DEPOSIT 220106	6575601		250.00-
25310	079	000	53105018.484500.		17248990	01/20/22	JE	G	P Card Rebate for 4th Qtr 2021	6589289		6.11-
Total for Object			484500 REIMB NON-GOVT SOURCES									256.11-
25310	079	000	53105018.511100.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		2,341.77
25310	079	000	53105018.511100.		3162312	01/26/22	T2	7	PAYROLL LABOR DISTRIBUTION	6586846		3,962.76
Total for Object			511100 PERMANENT SALARIES-WAGES									6,304.53
25310	079	000	53105018.511300.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		439.82
Total for Object			511300 OVERTIME PAYMENTS									439.82
25310	079	000	53105018.512100.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		971.71
25310	079	000	53105018.512100.		3162312	01/26/22	T2	7	PAYROLL LABOR DISTRIBUTION	6586846		61.48
Total for Object			512100 VACATION LEAVE EXPENSE									1,033.19
25310	079	000	53105018.512200.		3162312	01/26/22	T2	7	PAYROLL LABOR DISTRIBUTION	6586846		117.44
Total for Object			512200 SICK LEAVE EXPENSE									117.44
25310	079	000	53105018.512300.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		828.37
Total for Object			512300 HOLIDAY LEAVE EXPENSE									828.37
25310	079	000	53105018.515100.		3162216	01/12/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6575661		343.09
25310	079	000	53105018.515100.		3162313	01/26/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6586846		310.15
Total for Object			515100 RETIREMENT PLANS EXPENSE									653.24

Agency 053 REAL PROPERTY APPRAISER BD All Objects
Division 000 AGENCY DEFINED DIVISION As of 01/31/22
Grant

Fund	Program	Sub-Program	Account Number	Sub-ledger	Doc Number	Tran Date	Tran Type	Batch Type	Payee/Explanation	Batch Number	Posted Code	Month to Date
25310	079	000	53105018.515200.		3162216	01/12/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6575661		321.46
25310	079	000	53105018.515200.		3162313	01/26/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6586846		287.78
Total for Object			515200 FICA EXPENSE									609.24
25310	079	000	53105018.515500.		3162216	01/12/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6575661		891.13
25310	079	000	53105018.515500.		3162313	01/26/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6586846		891.09
Total for Object			515500 HEALTH INSURANCE EXPENSE									1,782.22
25310	079	000	53105018.521100.		17127224	01/01/22	JE	G	NRPAB POSTAGE NOV 2021	6564189		62.90-
25310	079	000	53105018.521100.		17233324	01/18/22	JE	G	Postage 20211201 - 20211231	6585807		.46
25310	079	000	53105018.521100.		17233335	01/18/22	JE	G	POSTAGE DUE DEC 2021	6585918		155.09
Total for Object			521100 POSTAGE EXPENSE									92.65
25310	079	000	53105018.521400.		48409674	01/04/22	PV	V	AS - OCIO - COMMUNICATIONS	6573353		110.51
25310	079	000	53105018.521400.		48448576	01/13/22	PV	V	AS - OCIO - IMSERVICES	6582974		1,186.31
Total for Object			521400 CIO CHARGES									1,296.82
25310	079	000	53105018.521900.		48473140	01/19/22	PV	V	CORRECTIONAL SERVICES, DEPARTM	6586998		18.20
Total for Object			521900 AWARDS EXPENSE									18.20
25310	079	000	53105018.524600.		17118196	01/01/22	JE	G	NRPAB RENT DEC 2021	6563323		328.98-
25310	079	000	53105018.524600.		17161141	01/07/22	JE	G	RENT & LB530 JAN 2022 - OTHER	6569759		939.94
25310	079	000	53105018.524600.		17202315	01/10/22	JE	G	NRPAB RENT JAN 2022	6579675		328.98-
Total for Object			524600 RENT EXPENSE-BUILDINGS									281.98
25310	079	000	53105018.524900.		17118196	01/01/22	JE	G	NRPAB RENT DEC 2021	6563323		112.56-
25310	079	000	53105018.524900.		17161141	01/07/22	JE	G	RENT & LB530 JAN 2022 - OTHER	6569759		321.59
25310	079	000	53105018.524900.		17202315	01/10/22	JE	G	NRPAB RENT JAN 2022	6579675		112.56-
Total for Object			524900 RENT EXP-DEPR SURCHARGE									96.47
25310	079	000	53105018.533100.		48409767	01/04/22	PV	V	ART FX SCREENPRINTING	6573672		44.20
Total for Object			533100 HOUSEHOLD & INSTIT EXPENSE									44.20
25310	079	000	53105018.542100.		48344273	01/01/22	PV	V	AS - PERSONNEL DIVISION	6564495		352.32
25310	079	000	53105018.542100.		48429222	01/10/22	PV	V	AS - PERSONNEL DIVISION	6579667		304.06
25310	079	000	53105018.542100.		48473112	01/19/22	PV	V	AS - PERSONNEL DIVISION	6586953		270.27
Total for Object			542100 SOS TEMP SERV - PERSONNEL									926.65

J.7

Agency 053 REAL PROPERTY APPRAISER BD — All Objects
Division 000 AGENCY DEFINED DIVISION — As of 01/31/22
Grant

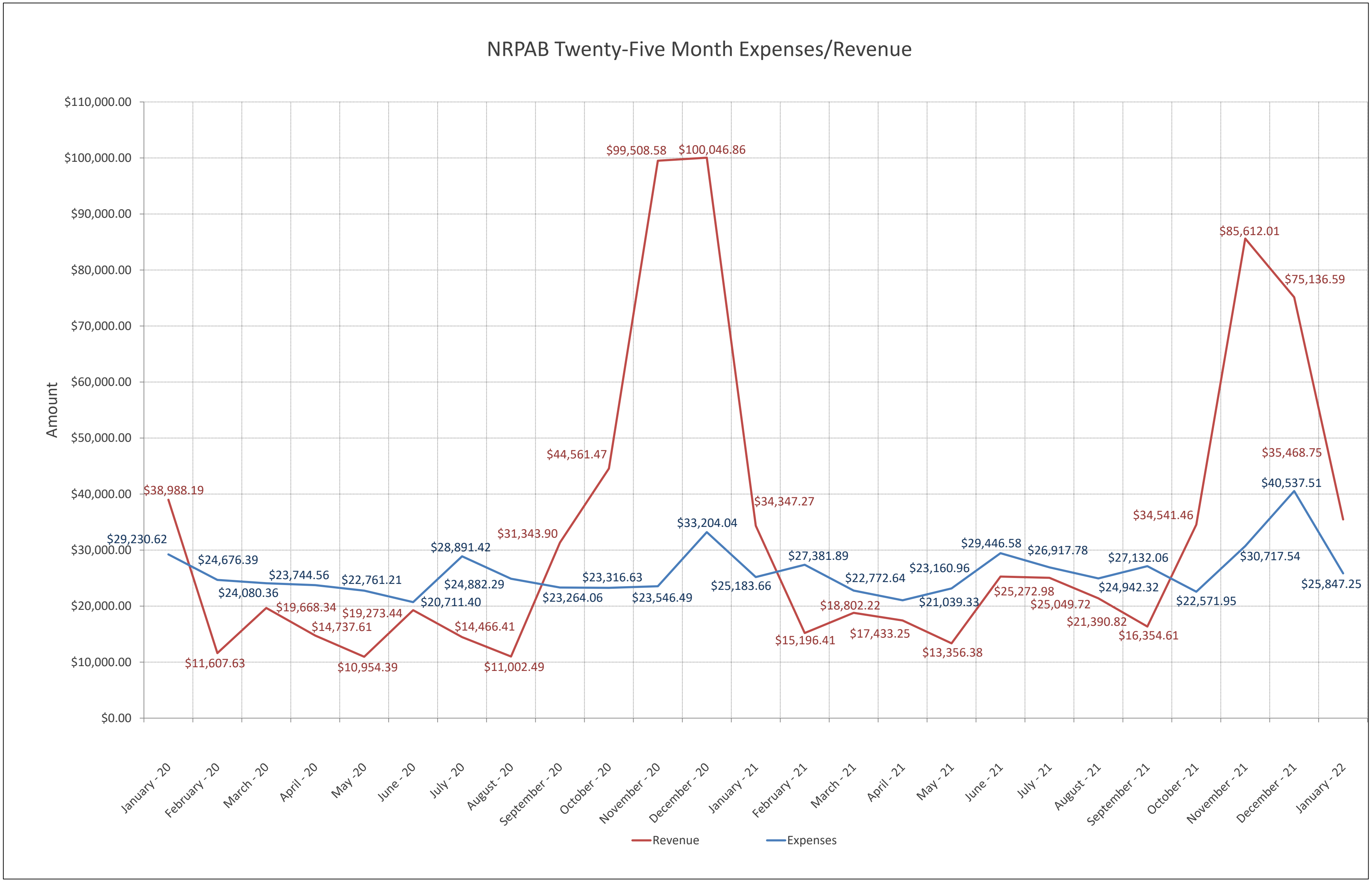
Fund	Program	Sub-Program	Account Number	Sub-ledger	Doc Number	Tran Date	Tran Type	Batch Type	Payee/Explanation	Batch Number	Posted Code	Month to Date
25310	079	000	53105018.554900.		48343056	01/01/22	PV	V	PATROL, NEBRASKA STATE	6563334		1,131.25
25310	079	000	53105018.554900.		48409899	01/04/22	PV	V	BAUERMEISTER APPRAISAL SERVICE	6573883		250.00
25310	079	000	53105018.554900.		48450560	01/13/22	PV	V	AGRIPLEX REAL ESTATE & APPRAIS	6583169		875.00
Total for Object			554900 OTHER CONTRACTUAL SERVICES									2,256.25
25310	079	000	53105018.559100.		48473147	01/19/22	PV	V	TREASURER, STATE	6587014		120.00
Total for Object			559100 OTHER OPERATING EXP									120.00
25310	079	000	53105018.574500.		48409713	01/04/22	PV	V	WALKENHORST, WADE	6573387		4.37
25310	079	000	53105018.574500.		48409731	01/04/22	PV	V	MUSTOE, CHRISTOPHER M	6573530		42.22
Total for Object			574500 PERSONAL VEHICLE MILEAGE									46.59
25310	079	000	53105018.575100.		48409713	01/04/22	PV	V	WALKENHORST, WADE	6573387		1.62
25310	079	000	53105018.575100.		48409731	01/04/22	PV	V	MUSTOE, CHRISTOPHER M	6573530		2.44
Total for Object			575100 MISC TRAVEL EXPENSE									4.06
Total for Business Unit		53105018	NE REAL PROPERTY APPRAISER									2,534.23
25320	079	000	53105200.475163.		428264	01/26/22	RC	RB	NRPAB AMC DEPOSIT 220126	6593149		2,000.00-
Total for Object			475163 AMC REGISTERED NEW FEES									2,000.00-
25320	079	000	53105200.475164.		425812	01/11/22	RC	RB	NRPAB AMC DEPOSIT 220111	6579217		350.00-
Total for Object			475164 AMC APPLICATION FEES									350.00-
25320	079	000	53105200.475165.		424437	01/03/22	RC	RB	NRPAB AMC DEPOSIT 220103	6570654		1,500.00-
25320	079	000	53105200.475165.		425176	01/06/22	RC	RB	NRPAB AMC DEPOSIT 220106	6575571		1,500.00-
25320	079	000	53105200.475165.		426118	01/12/22	RC	RB	NRPAB AMC DEPOSIT 220112	6580818		1,500.00-
25320	079	000	53105200.475165.		426443	01/14/22	RC	RB	NRPAB AMC DEPOSIT 220114	6583554		1,500.00-
25320	079	000	53105200.475165.		426709	01/18/22	RC	RB	NRPAB AMC DEPOSIT 220118	6584618		1,500.00-
25320	079	000	53105200.475165.		427150	01/20/22	RC	RB	NRPAB AMC DEPOSIT 220120	6587151		6,000.00-
25320	079	000	53105200.475165.		427986	01/25/22	RC	RB	NRPAB AMC DEPOSIT 220125	6590521		1,500.00-
25320	079	000	53105200.475165.		428264	01/26/22	RC	RB	NRPAB AMC DEPOSIT 220126	6593149		1,500.00-
25320	079	000	53105200.475165.		428711	01/28/22	RC	RB	NRPAB AMC DEPOSIT 220128	6595825		1,500.00-
Total for Object			475165 AMC REGISTERED RENEWAL									18,000.00-
25320	079	000	53105200.476101.		426709	01/18/22	RC	RB	NRPAB AMC DEPOSIT 220118	6584618		25.00-
25320	079	000	53105200.476101.		427150	01/20/22	RC	RB	NRPAB AMC DEPOSIT 220120	6587151		25.00-
25320	079	000	53105200.476101.		428711	01/28/22	RC	RB	NRPAB AMC DEPOSIT 220128	6595825		50.00-
Total for Object			476101 LATE PROCESSING FEES									100.00-

Fund	Program	Sub-Program	Account Number	Sub-ledger	Doc Number	Tran Date	Tran Type	Batch Type	Payee/Explanation	Batch Number	Posted Code	Month to Date
25320	079	000	53105200.481100.		17260215	01/25/22	JE	G	OIP December 2022 2.02829%	6593271		601.06-
Total for Object			481100 INVESTMENT INCOME									601.06-
25320	079	000	53105200.511100.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		1,260.95
25320	079	000	53105200.511100.		3162312	01/26/22	T2	7	PAYROLL LABOR DISTRIBUTION	6586846		2,133.80
Total for Object			511100 PERMANENT SALARIES-WAGES									3,394.75
25320	079	000	53105200.511300.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		236.73
Total for Object			511300 OVERTIME PAYMENTS									236.73
25320	079	000	53105200.512100.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		523.23
25320	079	000	53105200.512100.		3162312	01/26/22	T2	7	PAYROLL LABOR DISTRIBUTION	6586846		33.23
Total for Object			512100 VACATION LEAVE EXPENSE									556.46
25320	079	000	53105200.512200.		3162312	01/26/22	T2	7	PAYROLL LABOR DISTRIBUTION	6586846		63.37
Total for Object			512200 SICK LEAVE EXPENSE									63.37
25320	079	000	53105200.512300.		3162215	01/12/22	T2	7	PAYROLL LABOR DISTRIBUTION	6575661		446.05
Total for Object			512300 HOLIDAY LEAVE EXPENSE									446.05
25320	079	000	53105200.515100.		3162216	01/12/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6575661		184.71
25320	079	000	53105200.515100.		3162313	01/26/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6586846		166.98
Total for Object			515100 RETIREMENT PLANS EXPENSE									351.69
25320	079	000	53105200.515200.		3162216	01/12/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6575661		173.08
25320	079	000	53105200.515200.		3162313	01/26/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6586846		155.00
Total for Object			515200 FICA EXPENSE									328.08
25320	079	000	53105200.515500.		3162216	01/12/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6575661		479.82
25320	079	000	53105200.515500.		3162313	01/26/22	T3	7	ACTUAL BURDEN JOURNAL ENTRIES	6586846		479.86
Total for Object			515500 HEALTH INSURANCE EXPENSE									959.68
25320	079	000	53105200.521100.		17127224	01/01/22	JE	G	NRPAB POSTAGE NOV 2021	6564189		62.90
Total for Object			521100 POSTAGE EXPENSE									62.90
25320	079	000	53105200.521400.		48409674	01/04/22	PV	V	AS - OCIO - COMMUNICATIONS	6573353		59.50
25320	079	000	53105200.521400.		48448576	01/13/22	PV	V	AS - OCIO - IMSERVICES	6582974		585.95
Total for Object			521400 CIO CHARGES									645.45

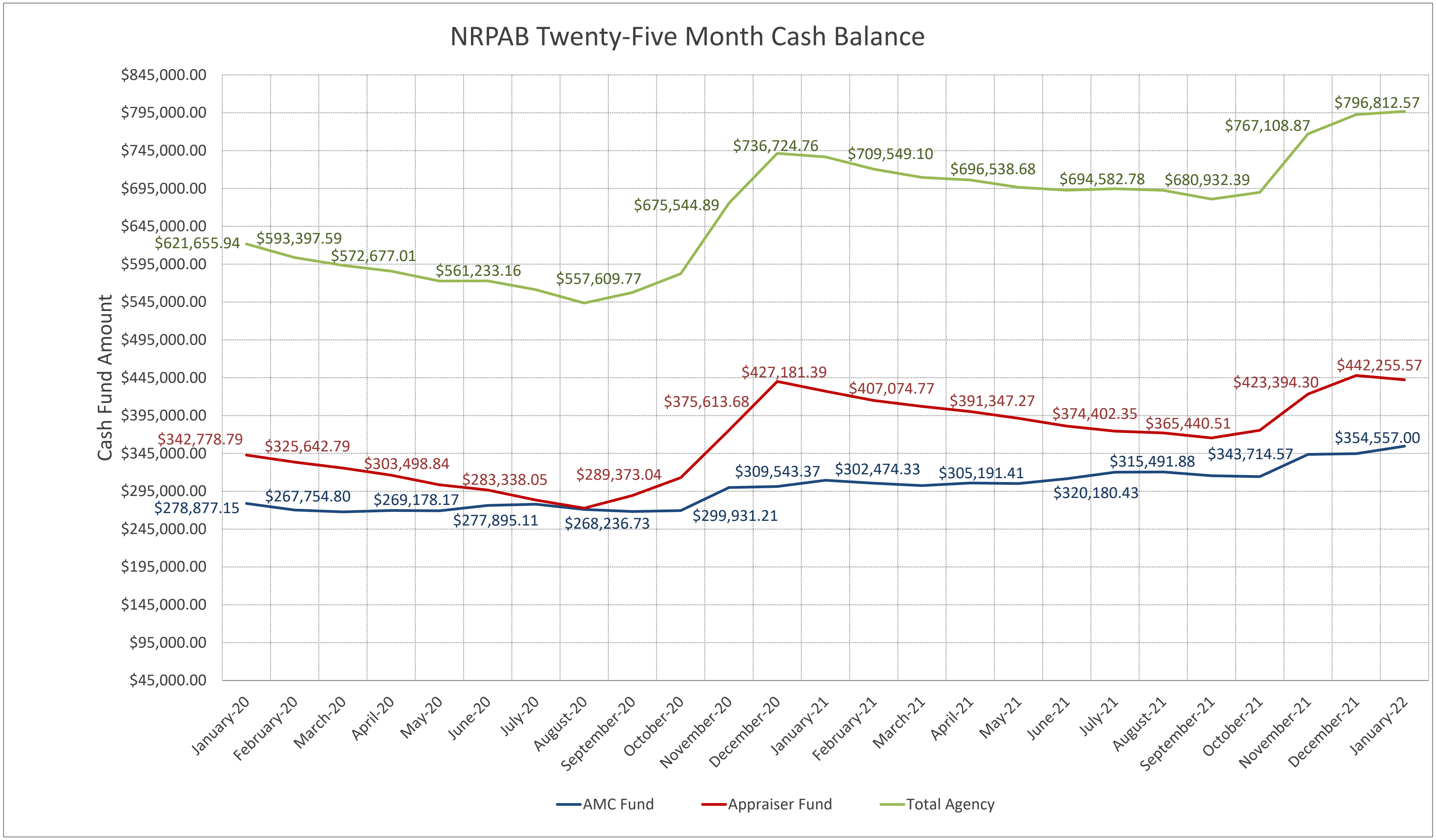
J.9

Fund	Program	Sub-Program	Account Number	Sub-ledger	Doc Number	Tran Date	Tran Type	Batch Type	Payee/Explanation	Batch Number	Posted Code	Month to Date
25320	079	000	53105200.521900.		48473140	01/19/22	PV	V	CORRECTIONAL SERVICES, DEPARTM	6586998		9.80
Total for Object			521900 AWARDS EXPENSE									9.80
25320	079	000	53105200.524600.		17118196	01/01/22	JE	G	NRPAB RENT DEC 2021	6563323		328.98
25320	079	000	53105200.524600.		17202315	01/10/22	JE	G	NRPAB RENT JAN 2022	6579675		328.98
Total for Object			524600 RENT EXPENSE-BUILDINGS									657.96
25320	079	000	53105200.524900.		17118196	01/01/22	JE	G	NRPAB RENT DEC 2021	6563323		112.56
25320	079	000	53105200.524900.		17202315	01/10/22	JE	G	NRPAB RENT JAN 2022	6579675		112.56
Total for Object			524900 RENT EXP-DEPR SURCHARGE									225.12
25320	079	000	53105200.533100.		48409767	01/04/22	PV	V	ART FX SCREENPRINTING	6573672		23.80
Total for Object			533100 HOUSEHOLD & INSTIT EXPENSE									23.80
25320	079	000	53105200.542100.		48344273	01/01/22	PV	V	AS - PERSONNEL DIVISION	6564495		189.71
25320	079	000	53105200.542100.		48429222	01/10/22	PV	V	AS - PERSONNEL DIVISION	6579667		163.72
25320	079	000	53105200.542100.		48473112	01/19/22	PV	V	AS - PERSONNEL DIVISION	6586953		145.53
Total for Object			542100 SOS TEMP SERV - PERSONNEL									498.96
25320	079	000	53105200.554900.		48343056	01/01/22	PV	V	PATROL, NEBRASKA STATE	6563334		407.25
Total for Object			554900 OTHER CONTRACTUAL SERVICES									407.25
25320	079	000	53105200.574500.		48409713	01/04/22	PV	V	WALKENHORST, WADE	6573387		2.35
25320	079	000	53105200.574500.		48409731	01/04/22	PV	V	MUSTOE, CHRISTOPHER M	6573530		22.74
Total for Object			574500 PERSONAL VEHICLE MILEAGE									25.09
25320	079	000	53105200.575100.		48409713	01/04/22	PV	V	WALKENHORST, WADE	6573387		.88
25320	079	000	53105200.575100.		48409731	01/04/22	PV	V	MUSTOE, CHRISTOPHER M	6573530		1.31
Total for Object			575100 MISC TRAVEL EXPENSE									2.19
Total for Business Unit		53105200	AMC LICENSING									12,155.73-
Total for Division		000										9,621.50-
Total for Agency		053	REAL PROPERTY APPRAISER BD									9,621.50-

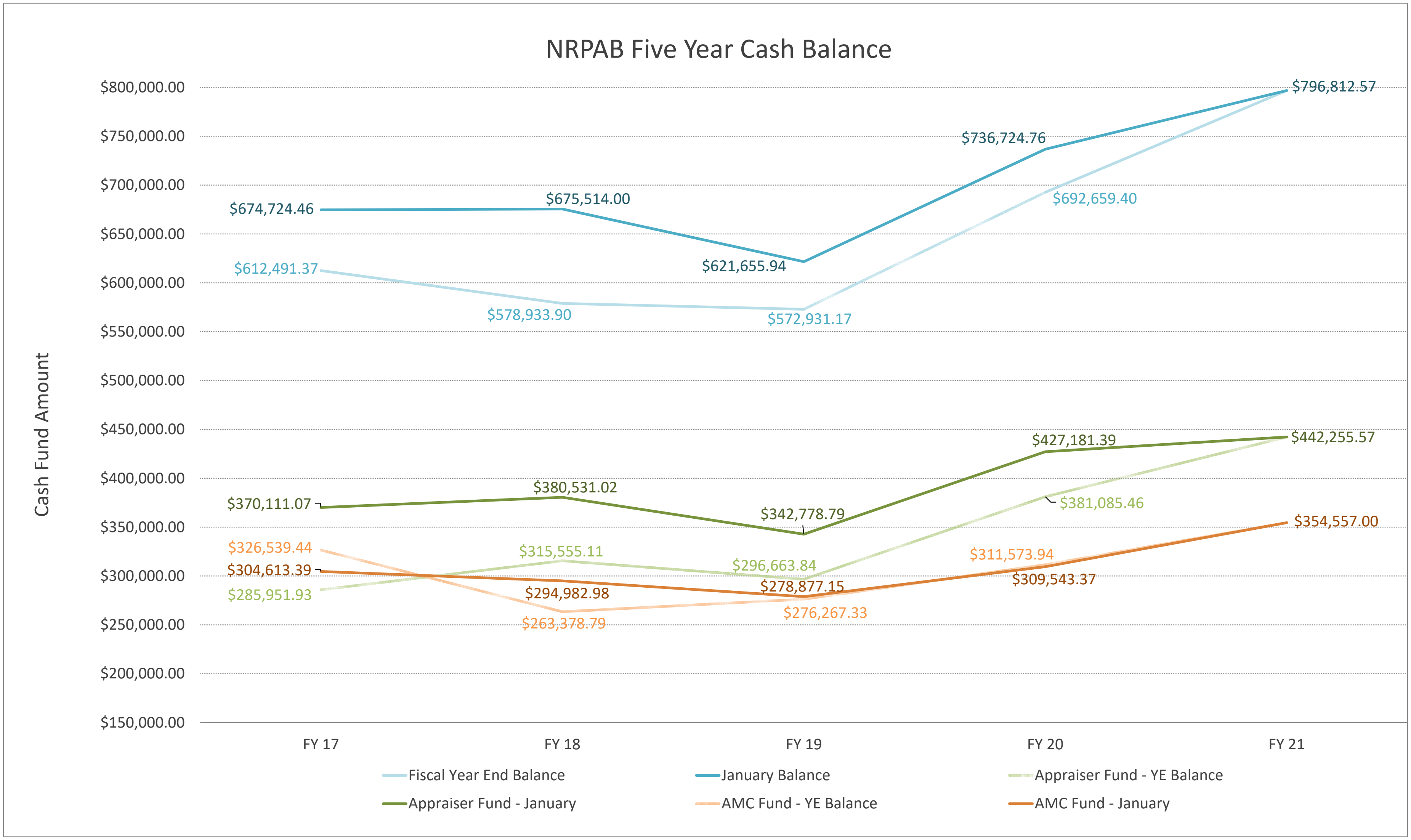
Financial Report and Considerations - Financial Charts



Financial Report and Considerations - Financial Charts



Financial Report and Considerations - Financial Charts



Pricing Proposal
Quotation #: 21577536
Reference #: New LGA VIP
Created On: 2/7/2022
Valid Until: 2/28/2022

State of Nebraska

Tyler Kohtz
CIO-Division of Comm
501 S 14th St
Lincoln, NE 68508
United States
Phone: (000) 000-0000
Fax:
Email: tyler.kohtz@nebraska.gov

Inside Account Manager

Clyde Amegashitsi
290 Davidson Avenue, Somerset, NJ 08873
Phone: 732-537-7236
Fax:
Email: clyde_amegashitsi@shi.com

All Prices are in US Dollar (USD)

	Product	Qty	Your Price	Total
1	Dreamweaver for enterprise, Enterprise Licensing Subscription New, Monthly, 1 User, Large Government Agencies - Level 7 1000-4999 Adobe - Part#: 65291088BC07B12 Contract Name: NASPO Software VAR Contract #: ADSPO16-130651 Subcontract #: 14680 OC	3	$345.42	$1,036.26

Subtotal	$1,036.26
Shipping	$0.00
Total	$1,036.26

Additional Comments

Hardware items on this quote may be updated to reflect changes due to industry wide constraints and fluctuations.

Please note, if Emergency Connectivity Funds (ECF) will be used to pay for all or part of this quote, please let us know as we will need to ensure compliance with the funding program.

Thank you for choosing SHI International Corp! The pricing offered on this quote proposal is valid through the expiration date listed above. To ensure the best level of service, please provide End User Name, Phone Number, Email Address and applicable Contract Number when submitting a Purchase Order. For any additional information including Hardware, Software and Services Contracts, please contact an SHI Inside Sales Representative at (888) 744-4084. SHI International Corp. is 100% Minority Owned, Woman Owned Business. TAX ID# 22-3009648; DUNS# 61-1429481; CCR# 61-243957G; CAGE 1HTF0

The products offered under this proposal are resold in accordance with the terms and conditions of the Contract referenced under that applicable line item.

NRPAB
Nebraska Real Property Appraiser Board

Bill Color Key

- NRPAB High Priority Bills
- Nebraska State Government Bills
- General Interest Bills

Legislative Report	
Bill:	LB54
Title:	Change immunity for intentional torts under the Political Subdivisions Tort Claims Act and the State Tort Claims Act
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill amends the Political Subdivisions Tort Claims Act and the State Tort Claims Act to include that any act that is the direct result of the negligent failure of a state agency, political subdivision, or an employee of the state or political subdivision, to protect a person to whom the agency or employee owes a duty of care is not exempt for a claim for damages under each act. AM1268 was adopted by the Judiciary Committee to clarify that harm caused by an intentional tort is a proximate result of the failure of a state agency or political subdivision to exercise reasonable care to either: (i) Control a person over whom it has taken charge; or (ii) Protect a person who is in the state agency's or political subdivision's care, custody, or control from harm caused by a non-employee actor".
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43993
Notes:	
Bill:	LB61
Title:	Provide formal protest procedures for certain state contracts for services
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill requires that the Department of Administrative Services adopts and promulgates rules and regulations establishing formal protest procedures, including procedures for a contested case hearing, for any contract for services in excess of ten million dollars awarded by any state agency.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=44147
Notes:	

Bill:	LB71
Title:	Change provisions relating to intentional tort claims under the Political Subdivisions Tort Claims Act and State Tort Claims Act
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill amends the Political Subdivisions Tort Claims Act and the State Tort Claims Act to include that any act committed by a third party as a result of negligence by a state agency or political subdivision, or an employee of a state agency or political subdivision, is not exempt for a claim for damages under each act. This bill also includes technical changes, and also allows for previously dismissed claims to be reconsidered under this language.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43777
Notes:	
Bill:	LB112
Title:	Require members of the public to be allowed to speak at each meeting subject to the Open Meetings Act
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill will require, under Neb. Rev. Stat., Sec. 84-1412, that members of the public be afforded opportunity to speak at any public meeting subject to the Open Meetings Act.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43447
Notes:	
Bill:	LB179
Title:	Transition from elected to appointed county assessors
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill would eliminate future elections for county assessors where required, and make the county assessor a county board appointed position.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43522
Notes:	

Bill:	LB213
Title:	Provide for an efficiency review of state agencies
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill would require the Department of Administrative Services to contract with an outside entity to carry out an efficiency review of all state departments, agencies, board, and councils. The review would focus on keeping or making government services more cost effective, eliminating outdated practices, increasing efficiencies, and increasing accountability to taxpayers.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43711
Notes:	
Bill:	LB221
Title:	Adopt 2021 Uniform Plumbing Code standards
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill would update Nebraska's default plumbing code to the 2021 Uniform Plumbing Code (UPC). The current default plumbing code is the 2009 UPC. The default plumbing code applies in counties, cities, and villages that have not adopted their own local plumbing code. Senator Wayne also introduced LB218 with the intent of adopting the 2018 UPC. LB221 appears to be a replacement for LB218
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43508
Notes:	
Bill:	LB263
Title:	Require occupational boards to issue certain credentials based on credentials or work experience in another jurisdiction
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill would allow for recognition in Nebraska for most types of occupational licenses issued in other states.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43709
Notes:	This bill was introduced on behalf of the Platte Institute. Director Kohtz worked with Laura Ebke of the Platte Institute, and Senator Briese’s office, to ensure that the provision of this bill will not cause the Board to violate Title XI, the ASC Policy Statements, or the Real Property Appraiser Qualifications Criteria. These issues have been resolved in AM72 introduced during the February 3, 2021 hearing.

Bill:	LB422
Title:	Change the sales tax rate and impose sales tax on additional services
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	This bill would presume all services in Nebraska, except for business inputs, to be subject to taxation, and would lower the sales tax rate to 5 percent. The bill would not take effect until October 1 of 2022.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43599
Notes:	
Bill:	LB446
Title:	Adopt the Nebraska Housing Index and Financing Investment System Act
Status:	Feb 02, 2022 - Notice of hearing for February 11, 2022 on AM1737
Summary:	This bill adopts the Nebraska Housing Index and Financing Investment Systems Act, which creates a comprehensive, sustainable, and collaborative data system that would include the statewide status of housing stock as well as the types and amounts of state and federal funding available to housing developers. To accomplish this, the bill creates the position of the Nebraska Housing Index and Financing Investment System coordinator within the Nebraska Investment Finance Authority (NIFA). AM86 redrafts the language, but does not appear to include any substantial changes.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=44395
Notes:	AM1737 was filed to strike all original sections and to require that the Governor apply for all federal funds available to this state for emergency rental and mortgage assistance and shall disburse any funds received under this section. The Governor may coordinate with other governmental entities to establish eligibility guidelines for recipients of such funds.
Bill:	LB468
Title:	Provide compensation by the Game and Parks Commission for property damage caused by wildlife
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	LB468 clarifies the meaning of the Article 1, Section 21 of the Nebraska State Constitution to include landowners who have suffered damage to real property caused by wildlife. The bill instructs the Game and Parks Commission to adopt and promulgate rules and regulations for compensating landowners for damages caused by wildlife and mandates the Game and Parks Commission to compensate landowners for damages to property caused by wildlife.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=43980
Notes:	

Bill:	LB489
Title:	Require a financial stability and service capability analysis for certain state contracts
Status:	Jan 05, 2022 - Title printed. Carryover bill
Summary:	As introduced, LB489 would require that prior to entering into a new proposed contract or renewing an existing contract for child welfare services or services to vulnerable adults that is in excess of $15 million, the agency must conduct a proof-of-need analysis and a financial stability and service capability analysis. AM 337 is a white-copy amendment that would replace the original provisions of LB489. Under the amendment, a state official or state employee, except for an employee of the Legislative Council, would be prohibited from testifying at a public hearing before the Legislature on any issue in any capacity other than neutral, unless such state official or state employee is on unpaid leave from state employment for the duration of the public hearing. AM1217 amends LB489 to strike the original provisions of LB489. Under the amendment, a state official or state employee, except for an employee of the Legislative Council, would be prohibited from testifying at a public hearing before the Legislature on any issue in any capacity other than neutral, unless such state official or state employee is on unpaid leave from state employment for the duration of the public hearing. AM1478 amends AM1217 to allow for state official or state employee to utilize vacation leave in addition to unpaid leave from state employment for the duration of the public hearing.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=44439
Notes:	
Bill:	LB700
Title:	Change provisions relating to public retirement systems
Status:	Feb 03, 2022 - Placed on General File with AM1704
Summary:	LB700 to eliminate obsolete provisions relating to investment options under certain acts, the state investment officer, and the Public Employees Retirement Board; to change provisions relating to certain funds; to eliminate provisions relating to termination of employment and early retirement inducement notification; to change provisions relating to preretirement planning and repayment of a distribution after reemployment; to change duties of and provide duties for the Public Employees Retirement Board; to provide a deadline for a certain compliance audit; to define terms; to provide for retirement training sessions; to eliminate a retirement education and financial planning program; and to harmonize provisions. Committee Amendment AM1704 strikes the original provisions and becomes the bill. It includes LB 700 as amended by AM1583 and incorporates LB1043 as amended by AM1667.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47217
Notes:	

Bill:	LB706
Title:	Change provisions of the Real Property Appraiser Act
Status:	Jan 12, 2022 - Notice of hearing for January 24, 2022
Summary:	The purpose of LB706 is to update the Nebraska Real Property Appraiser Act ("Act") to implement the Real Property Appraiser Qualifications Criteria ("2021 Criteria") adopted by The Appraisal Foundation's Appraiser Qualifications Board, effective on January 1, 2021; and to maintain compliance with Title XI of the federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("Title XI"). Along with the 2021 Criteria changes, LB706 also includes minor changes to address administration of the Act and reduce unnecessary barriers for real property appraisers and applicants for credentialing.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=46653
Notes:	Senator Williams's office indicates that LB706 will be amended into a general banking bill once all agency committee hearings are completed.
Bill:	LB707
Title:	Change provisions relating to banks, financial institutions, bank subsidiaries, and residential mortgage loans and adopt certain updates to federal law
Status:	Jan 11, 2022 - Notice of hearing for January 18, 2022
Summary:	LB707 includes provisions relating to banks, financial institutions, bank subsidiaries, and residential mortgage loans; and to adopt updates to federal law relating to banks, financial institutions, securities, money transmitters, commodities, financial exploitation of vulnerable adults, digital asset depository institutions, credit unions, transactions involving franchises, consumer rental purchase agreements, and funds transfers.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47057
Notes:	

Bill:	LB709
Title:	Change requirements relating to preliminary applications under the Occupational Board Reform Act
Status:	Feb 01, 2022 - McCollister priority bill
Summary:	LB709 changes provisions relating to preliminary applications by individuals with a criminal conviction. Specifically, LB709 requires that certain information is required to be reported by the applicant for mitigating factors, only allows for certain felony convictions to be disqualifying, requires issuance of a preliminary adverse determination by the director of the occupational board or the board's designated employee, provides for an opportunity for an informal meeting to be held within sixty days of application, and provides for a waiver of fees based on the applicants income being more than 300% below the federal poverty level.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47188
Notes:	Letter sent to Senator McCollister (Government, Military and Veterans Affairs Committee Chairperson cc'ed) to request that the Board be considered for exemption from this bill as the provisions of the bill conflict with the Board's duties to adhere to Title XI.
Bill:	LB742
Title:	Provide for minutes to be kept in an electronic record under the Open Meetings Act
Status:	Feb 01, 2022 - Notice of hearing for February 09, 2022
Summary:	LB742 requires that meeting minutes be kept in writing or as an electronic file.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47427
Notes:	
Bill:	LB743
Title:	Change provisions relating to when closed sessions may be held under the Open Meetings Act
Status:	Feb 01, 2022 - Notice of hearing for February 09, 2022
Summary:	LB743 would limit closed meetings for public bodies, including subcommittees, to the six stated purposes already contained in Nebraska State Statute 84-1410(1). These six stated purposes include: a) Strategy sessions, b) the deployment of safety personnel, c) investigative proceedings for criminal acts, d) job performance evaluations, e) Community Trust allocations, and f) various public hospital issues. Currently, public bodies, including subcommittees are not limited to these six stated purposes.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47190
Notes:	Letter sent to Senator Erdman (Government, Military and Veterans Affairs Committee Chairperson cc'ed) requesting that this bill be amended to include discussion involving any matter related to records that may be withheld from the public under N.R.S. § 84-712.05(5) be added to the stated purposes for which closed session could be held.

Bill:	LB769
Title:	Require certain state employees to submit to fingerprinting and criminal history record checks
Status:	Feb 03, 2022 - Placed on General File
Summary:	LB769 requires certain state employees in the Department of Banking and Finance, the Department of Economic Development, the Department of Health and Human Services, the Department of Labor, and the Department of Revenue to submit to fingerprinting and criminal history record Checks related to their access to state and federal tax information.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=46965
Notes:	

Bill:	LB778
Title:	Adopt the Government Neutrality in Contracting Act
Status:	Jan 18, 2022 - Notice of hearing for January 27, 2022
Summary:	The purposes of LB778 are to provide for the efficient procurement of goods and services by governmental units and to promote the economical, nondiscriminatory, and efficient administration and completion of construction projects funded, assisted, or awarded by a governmental unit. LB778 limits or prohibits certain language or provisions from state contracts.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=46913
Notes:	

Bill:	LB823
Title:	Prohibit state agencies from imposing annual filing and reporting requirements on charitable organizations
Status:	Jan 18, 2022 - Notice of hearing for January 27, 2022
Summary:	LB823 prohibits state agencies from imposing annual filing and reporting requirements on charitable organizations greater than those defined in state or federal law.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=46952
Notes:	

Bill:	LB892
Title:	Change provisions of the Nebraska Real Estate License Act
Status:	Feb 01, 2022 - Placed on General File
Summary:	LB892 provides for the public marketing by a real estate broker, associate broker, or real estate salesperson for sale an equitable interest in a contract for the purchase of real property between a property owner and a prospective purchaser.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=46781
Notes:	
Bill:	LB908
Title:	Provide additional requirements for virtual conferencing under the Open Meetings Act
Status:	Jan 11, 2022 - Referred to Government, Military and Veterans Affairs Committee
Summary:	LB908 provides that a public body may only hold a meeting by virtual conferencing if the purpose of the virtual meeting is to discuss items that are scheduled to be discussed or acted upon at a subsequent non-virtual open meeting of the public body, and no action is taken by the public body at the virtual meeting.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47156
Notes:	
Bill:	LB975
Title:	Provide a requirement for state officials and state employees testifying before the Legislature
Status:	Jan 19, 2022 - Notice of hearing for January 26, 2022
Summary:	LB975 would provide that a state official or state employee, except for an employee of the Legislative Council, is prohibited from testifying at a public hearing before the Legislature on any issue in any capacity other than neutral, unless such state official or state employee is on unpaid or vacation leave from state employment for the duration of the public hearing.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47531
Notes:	

Bill:	LB1011
Title:	Provide, change, and eliminate provisions relating to appropriations
Status:	Jan 13, 2022 - Notice of hearing for January 24, 2022
Summary:	LB1011, introduced by the Speaker at the request of the Governor, is part of the Governor's biennial budget recommendations. This bill makes adjustments to the appropriations and reappropriations for state operations and aid programs in the current fiscal year ending June 30, 2022.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=46975
Notes:	This is the State's mid-biennium budget request bill that includes the Board's request for additional appropriations due to employee position reclassification.
Bill:	LB1127
Title:	Adopt the Regulatory Sandbox Act
Status:	Jan 26, 2022 - Notice of hearing for February 14, 2022
Summary:	LB1127 would provide for adoption of the regulatory sandbox program, which allows a person to temporarily demonstrate an innovative offering under a waiver or suspension of one or more state laws or regulations.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47313
Notes:	
Bill:	LB1174
Title:	Require state entities to report to the Legislature regarding operations and require a hearing by a legislative standing committee
Status:	Jan 25, 2022 - Notice of hearing for February 01, 2022
Summary:	LB1174 will require state agencies and budgetary programs to come before their respective committee of jurisdiction once every 5 years and report on the state of the agency or program, its operations, its goals going forward, or, whether or not there is a need for its continuation.
Legislature Information and Status:	https://nebraskalegislature.gov/bills/view_bill.php?DocumentID=47151
Notes:	

NRPAB
Nebraska Real Property Appraiser Board

301 Centennial Mall South, First Floor
PO Box 94963
Lincoln, NE 68509-4963
https://appraiser.ne.gov/
402-471-9015

Board Number: ______________________________
Date Received:

For Board Use Only

APPLICATION FOR APPROVAL AS A QUALIFYING EDUCATION ACTIVITY IN NEBRASKA

This application must be used by an education provider applying for approval of a qualifying education activity or resubmission of an approved qualifying education activity ~~approved by the Board~~. A separate application form must be filed for each qualifying education activity submitted for approval. Applicants should read carefully Chapter 6 of Title 298 of the Nebraska Administrative Code before completing the information below. Any application deemed to be incomplete may be returned.

EDUCATION PROVIDER INFORMATION

Education Provider Name: ______________________________

Contact Person Name: ______________ ______________ ______________
Last First Middle

Address: ______________ ______________ ______ ______________
PO Box or Street Number City State Zip Code + 4

______________________________ ______________________________
Email Address Area Code + Phone Number

QUALIFYING EDUCATION ACTIVITY INFORMATION

Per the Real Property Appraiser Qualifications Criteria effective on January 1, 2022, synchronous educational offering means, the instructor and students interact simultaneously online, similar to a phone call, video chat or live webinar, or web-based meeting; asynchronous educational offering means the instructor and students' interaction is non-simultaneous, and the students progress at their own pace and follow a structured course content and quiz/exam schedule.

Activity Title: ______________________________

Activity Length (Hours): ______________

The activity is conducted: ☐ In-class ☐ By Correspondence (Synchronous) ☐ Online (Asynchronous)

The activity is being submitted for approval as: ☐ Core Curriculum Course ☐ Subject Matter Elective

This submission is a: ☐ New Qualifying Education Activity ☐ Resubmission of an Approved Qualifying Education Activity

Qualifying Education Activity Secondary Provider: ☐ Yes ☐ No

RESUBMISSION INFORMATION

If *New Qualifying Education Activity* is selected under QUALIFYING EDUCATION ACTIVITY INFORMATION, proceed to APPLICATION CHECKLIST.

If *Resubmission of an Approved Qualifying Education Activity* is selected under QUALIFYING EDCUATION ACTIVITY INFORMATION, the reason for resubmission is:

☐ There is a change in the status of approval by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program.

☐ There is a change in the status of the qualification for online or correspondence delivery specified in 298 NAC, Chapter 6, § 001.07A.

☐ There is a substantial change to the materials, presentation, or policies.

☐ There is a change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved.

☐ One or more instructors are added or removed by the education provider.

☐ The materials, theories, and/or methodologies are no longer current.

☐ The activity content and/or policies are no longer communicated to the credential holder(s) as presented for approval.

~~☐ There is a change in the status of certification by the International Distance Education Certification Center.~~

☐ There is a change to a secondary provider's rights to the activity.

APPLICATION CHECKLIST

All materials submitted to the Board related to an Application for Approval as a Qualifying Education Activity are for Board use only and shall be retained by the Board.

General

Required for all qualifying education activities.

☐ Completed application.

☐ Non-refundable $50.00 application fee.

☐ A completed Application for Approval as Instructor for Qualifying Education Activity, Continuing Education Activity, or Supervisory Real Property Appraiser and Trainee Course in Nebraska for each instructor.

☐ A document certifying completion issued to each attendee upon completion of any qualifying education activity. The document includes the name of education provider, signature of education provider and/or instructor, name of activity as approved, location at which activity was conducted or presentation method, date(s) ~~the~~ activity was conducted, number of hours, pass or fail statement, and name of credential holder, or be an official transcript from a university or college that includes the name of activity as approved, the number of credit hours awarded, and the name of the attendee.

AND if *Yes* is selected for Qualifying Education Activity Secondary Provider under QUALIFYING EDUCATION ACTIVITY INFORMATION:

☐ Evidence that the rights to the qualifying education activity have been purchased or lawfully acquired from the education provider that owns the rights to the activity materials.

AQB Approved Qualifying Education Activities

Required for activities approved by the AQB of The Appraisal Foundation through its Course Approval Program.

☐ Evidence that the qualifying education activity is approved by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program for qualifying education.

AND if *Online (Asynchronous)* is selected under QUALIFYING EDUCATION ACTIVITY INFORMATION:

☐ Evidence that the online activity is certified by the International Distance Education Certification Center (Secondary providers must have IDECC approval under own name).
OR

☐ Evidence that the online activity is conducted by an accredited college, community college, or university that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education, that awards academic credit for the distance education courses, **AND**~~.~~
Evidence that the activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor, **AND**
Description of the mechanism(s) used to demonstrate the student's knowledge of the subject matter, and why the mechanism(s) are effective.

If *By Correspondence (Synchronous)* is selected under QUALIFYING EDUCATION ACTIVITY INFORMATION, and activity is conducted by an accredited college, community college, or university:

☐ Evidence that the activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

Non-AQB Approved Qualifying Education Activities

Required for activities not approved by the AQB. If *Resubmission of an Approved Qualifying Education Activity* is selected under QUALIFYING EDCUATION ACTIVITY INFORMATION, only the items that have changed since the last submission need to be included.

☐ An activity description that clearly describes the content.

☐ All learning objectives.

☐ An instructor policy that requires the use of instructors who meet the requirements of the Nebraska Real Property Appraiser Act and Title 298.

☐ All student and instructor materials.

☐ A timed outline that accounts for the general flow and recommended time spent on topics contained within the activity and reflects hours of credit per topic.

☐ A record retention policy.

☐ An attendance policy that requires attendance to be verified in accordance with the Nebraska Real Property Appraiser Act and Title 298.

☐ A proctored closed-book final examination.

AND if *Online (Asynchronous)* is selected under QUALIFYING EDUCATION ACTIVITY INFORMATION:

☐ Evidence that the online activity is certified by the International Distance Education Certification Center (Secondary providers must have IDECC approval under own name).
OR

☐ Evidence that the online activity is conducted by an accredited college, community college, or university that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education, that awards academic credit for the distance education courses, **AND**
Evidence that online education activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

☐ Description of the mechanism(s) used to demonstrate the student's knowledge of the subject matter, and why the mechanism(s) are effective.

If *By Correspondence (Synchronous)* is selected under QUALIFYING EDUCATION ACTIVITY INFORMATION, and the activity is conducted by accredited college, community college, or university:

☐ Evidence that the activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

GENERAL REQUIREMENTS

1. The Board may at any time conduct an audit of any approved education activity to verify that the activity is being conducted in accordance with the Real Property Appraiser Act and Title 298 as approved. If requested, electronic access will be provided to the Board for any approved online education activity.

2. The Board may at any time review activity and instructor materials approved by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program to verify that the activity and/or instructor(s) meets the requirements of the Real Property Appraiser Act and Title 298 as approved.

3. Approval of activities does not transfer from one education provider to another, unless one education provider obtains the legal rights to all activities of another education provider.

4. Education providers and instructors will comply with the Nebraska Private Postsecondary Career Schools Act, NEB. REV. STAT § 85-1601, et seq. as applicable.

5. Knowingly offering or attempting to offer a qualifying or continuing education activity as being approved ~~by the Board~~ to a real property appraiser or an applicant, without first obtaining approval of the activity ~~from the Board~~, except for activities required by an accredited degree-awarding college or university for completion of a degree in real estate, if the college or university had its curriculum approved by the Appraiser Qualifications Board as qualifying education is a violation of Neb. Rev. Stat. § 76-2238(21).

6. Any appraisal subject matter elective qualifying education activity must contribute to an attendee's development of real property appraiser related competency in any one or more of the following subjects:

   (1) Real property appraisal practice,
   (2) Valuation methodology and/or techniques,
   (3) Market fundamentals, characteristics, conditions and analysis,
   (4) Real property concepts, characteristics, and analysis,
   (5) Communication,
   (6) Computation, and/or
   (7) Legal considerations.

I hereby attest that I have included all required materials, comply with all the listed requirements, and completed the submitted application in its entirety. I understand that, should this application be found to be incomplete, that it may be considered invalid and be returned.

Print Name: ________________ ________________ ________________

Last First Middle

______________________________ ________________

Signature Date

RESCINDING APPROVAL

1. The Board may rescind approval of a qualifying education activity if the Board finds:

   1) Falsification of information submitted for activity approval,
   2) A change in approval by Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program,
   3) A change in the status of the qualification for online or correspondence delivery specified in 298 NAC, Chapter 6, § 001.07A,~~status of certification by the International Distance Education Certification Center,~~
   4) Substantial errors and/or deficiencies in the materials or presentation,
   5) The materials, theories, and/or methodologies are not current and/or practical,
   ~~5)~~6) The activity has not been offered for a period of at least five years from the last date of completion or the approval date if activity has not been offered,
   ~~6)~~7) There is a change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved,
   ~~7)~~8) The instructor(s) responsible for the activity content and presentation are~~is~~ not approved,
   ~~8) The activity has not been offered for a period of at least five years from the last date of completion or the approval date if activity has not been offered,~~
   9) The activity content and/or policies are not communicated to the ~~credential holder~~attendee(s) as ~~presented for~~ approved~~al~~,
   10) A material violation of the Real Property Appraiser Act or Title 298 by the education provider or instructor for the activity, or
   11) There is a change to a secondary provider's rights to the activity.

2. If the Board finds reason to rescind its approval of an activity, the Board will provide written notice to the education provider that includes a description of the reasons for rescinding approval found by the Board. The education provider has 60 days from the date of notice to provide a written response to the Board's notice. If the response is satisfactory to the Board, the Board will not rescind its approval. If the response is not satisfactory to the Board, the Board may rescind approval of the activity. If approval is rescinded, the education provider may file a new application for approval of the qualifying education activity, and if so, meet the requirements in place at the time a new application is submitted to the Board.

DIRECTIONS

1. Complete entire application. If required information is not provided, application will be considered incomplete and may be returned~~ to you~~.

2. Along with the application, all information requested in the APPLICATION CHECKLIST section, as applicable, must be included.

3. Mail application, fee, and supporting documentation to:
   NEBRASKA REAL PROPERTY APPRAISER BOARD
   PO BOX 94963
   LINCOLN NE 68509-4963

4. Questions or concerns may be directed to Board staff at 402-471-9015 or nrpab.education@nebraska.gov.

Nebraska Real Property Appraiser Board

301 Centennial Mall South, First Floor
PO Box 94963
Lincoln, NE 68509-4963
https://appraiser.ne.gov/
402-471-9015

Board Number: ______________________________
Date Received:

For Board Use Only

APPLICATION FOR APPROVAL AS A CONTINUING EDUCATION ACTIVITY IN NEBRASKA

This application must be used by an education provider applying for approval of a continuing education activity or resubmission of an approved continuing education activity ~~approved by the Board~~. A separate application form must be filed for each continuing education activity submitted for approval. Applicants should read carefully Chapter 6 of Title 298 of the Nebraska Administrative Code before completing the information below. Any application deemed to be incomplete may be returned.

EDUCATION PROVIDER INFORMATION

Education Provider Name: ______________________________

Contact Person Name: ______________ ______________ ______________
Last | First | Middle

Address: ______________ ______________ ______ ______________
PO Box or Street Number | City | State | Zip Code + 4

______________________________ ______________________________
Email Address | Area Code + Phone Number

CONTINUING EDUCATION ACTIVITY INFORMATION

Per the Real Property Appraiser Qualifications Criteria effective on January 1, 2022, synchronous educational offering means, the instructor and students interact simultaneously online, similar to a phone call, video chat or live webinar, or web-based meeting; asynchronous educational offering means the instructor and students' interaction is non-simultaneous, and the students progress at their own pace and follow a structured course content and quiz/exam schedule.

Activity Title: ______________________________

Activity Length (Hours): *Exam hours not required nor counted* ______________

The activity is conducted: ☐ In-class ☐ By Correspondence (Synchronous) ☐ Online (Asynchronous)

The activity is being submitted for approval as: ☐ Seven-hour National USPAP Update Course ☐ Other

This submission is a: ☐ New Continuing Education Activity ☐ Resubmission of an Approved Continuing Education Activity

Continuing Education Activity Secondary Provider: ☐ Yes ☐ No

RESUBMISSION INFORMATION

If *New Continuing Education Activity* is selected under CONTINUING EDUCATION ACTIVITY INFORMATION, proceed to APPLICATION CHECKLIST.

If *Resubmission of an Approved Continuing Education Activity* is selected under CONTINUING EDCUATION ACTIVITY INFORMATION, the reason for resubmission is:

☐ There is a change in the status of approval by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program.

☐ There is a change in the status of the qualification for online or correspondence delivery specified in 298 NAC, Chapter 6, § 001.07A.

☐ There is a substantial change to the materials, presentation, or policies.

☐ There is a change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved.

☐ One or more instructors are added or removed by the education provider.

☐ The materials, theories, and/or methodologies are no longer current.

☐ The activity content and/or policies are no longer communicated to the credential holder(s) as ~~presented for~~ approved~~al~~.

~~☐ There is a change in the status of certification by the International Distance Education Certification Center.~~

☐ There is a change to a secondary provider's rights to the activity.

APPLICATION CHECKLIST

All materials submitted to the Board related to an Application for Approval as a Continuing Education Activity are for Board use only and shall be retained by the Board.

General

Required for all continuing education activities.

☐ Completed application.

☐ Non-refundable $25.00 application fee.

☐ A completed Application for Approval as Instructor for Qualifying Education Activity, Continuing Education Activity, or Supervisory Real Property Appraiser and Trainee Course in Nebraska for each instructor.

☐ A document certifying completion issued to each attendee upon completion of any continuing education activity. The document includes the name of education provider, signature of education provider and/or instructor, name of activity as approved, location at which activity was conducted or presentation method, date(s) ~~the~~ activity was conducted, number of hours, pass or fail statement, and name of credential holder, or be an official transcript from a university or college that includes the name of activity as approved, the number of credit hours awarded, and the name of the attendee.

AND if *Yes* is selected for Continuing Education Activity Secondary Provider under CONTINUING EDUCATION ACTIVITY INFORMATION:

☐ Evidence that the rights to the continuing education activity have been purchased or lawfully acquired from the education provider that owns the rights to the activity materials.

AQB Approved Continuing Education Activities

Required for activities approved by the AQB of The Appraisal Foundation through its Course Approval Program.

☐ Evidence that the continuing education activity is approved by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program for continuing education.

If *Online (Asynchronous)* is selected under CONTINUING EDUCATION ACTIVITY INFORMATION:

☐ Evidence that the online activity is certified by the International Distance Education Certification Center (Secondary providers must have IDECC approval under own name).
OR

☐ Evidence that the online activity is conducted by an accredited college, community college, or university that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education, that awards academic credit for the distance education courses, **AND**
Evidence that the activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor, **AND**
Description of the mechanism(s) used to demonstrate the student's knowledge of the subject matter, and why the mechanism(s) are effective.

If *By Correspondence (Synchronous)* is selected under CONTINUING EDUCATION ACTIVITY INFORMATION, and activity is conducted by an accredited college, community college, or university:

☐ Evidence that the activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

Non-AQB Approved Continuing Education Activities

Required for activities not approved by the AQB. If *Resubmission of an Approved Continuing Education Activity* is selected under CONTINUING EDUCATION ACTIVITY INFORMATION, only the items that have changed since the last submission need to be included.

☐ An activity description that clearly describes the content.

☐ All learning objectives.

☐ An instructor policy that requires the use of instructors who meet the requirements of the Nebraska Real Property Appraiser Act and Title 298.

☐ A timed outline that accounts for the general flow and recommended time spent on topics contained within the activity and reflects hours of credit per topic.

☐ All student and instructor materials.

☐ A record retention policy.

☐ An attendance policy that requires attendance to be verified in accordance with the Nebraska Real Property Appraiser Act and Title 298.

If *Seven-hour National USPAP Update Course* is selected under CONTINUING EDUCATION ACTIVITY INFORMATION:

☐ A completed "7-Hour USPAP Course Checklist for AQB Equivalency Approval" as developed and published by The Appraisal Foundation for Seven-hour National USPAP Update Course.

If *Online (Asynchronous)* is selected under CONTINUING EDUCATION ACTIVITY INFORMATION:

☐ Evidence that the online activity is certified by the International Distance Education Certification Center (Secondary providers must have IDECC approval under own name).
OR

☐ Evidence that the online activity is conducted by an accredited college, community college, or university that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education, that awards academic credit for the distance education courses, **AND**
Evidence that online education activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

☐ Description of the mechanism(s) used to demonstrate the student's knowledge of the subject matter, and why the mechanism(s) are effective.

If *By Correspondence (Synchronous)* is selected under CONTINUING EDUCATION ACTIVITY INFORMATION, and the activity is conducted by accredited college, community college, or university:

☐ Evidence that the activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

GENERAL REQUIREMENTS

1. The Board may at any time conduct an audit of any approved education activity to verify that the activity is being conducted in accordance with the Real Property Appraiser Act and Title 298 as approved. If requested, electronic access will be provided to the Board for any approved online education activity.

2. The Board may at any time review activity and instructor materials approved by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program to verify that the activity and/or instructor(s) meets the requirements of the Real Property Appraiser Act and Title 298 as approved.

3. Approval of activities does not transfer from one education provider to another, unless one education provider obtains the legal rights to all activities of another education provider.

4. Education providers and instructors will comply with the Nebraska Private Postsecondary Career Schools Act, NEB. REV. STAT § 85-1601, et seq. as applicable.

5. Knowingly offering or attempting to offer a qualifying or continuing education activity as being approved ~~by the Board~~ to a real property appraiser or an applicant, without first obtaining approval of the activity ~~from the Board~~, except for activities required by an accredited degree-awarding college or university for completion of a degree in real estate, if the college or university had its curriculum approved by the Appraiser Qualifications Board as qualifying education is a violation of Neb. Rev. Stat. § 76-2238(21).

6. Any continuing education activity must contribute to a credential holder's development of real property appraiser related skill, knowledge, and competency in any one or more of the following subjects:

   (1) Real property appraisal practice,
   (2) Valuation methodology and/or techniques,
   (3) Market fundamentals, characteristics, conditions and analysis,
   (4) Real property concepts, characteristics and analysis,
   (5) Communication,
   (6) Computation, and/or
   (7) Legal considerations.

7. An activity in which the primary purpose is training in the use of a specific software, and not utilization of a software to improve competency in appraisal practice; valuation methodology and/or techniques; market fundamentals, characteristics, conditions and analysis; real property concepts, characteristics and analysis; communication; computation; and/or legal considerations, does not meet the requirements for approval as a continuing education activity.

I hereby attest that I have included all required materials, comply with all the listed requirements, and completed the submitted application in its entirety. I understand that, should this application be found to be incomplete, that it may be considered invalid and be returned.

Print Name: ______________________ ______________________ ______________________

Last First Middle

____ ______________________

Signature Date

EXPIRATION AND RESCINDING APPROVAL

1. Except for the seven-hour Uniform Standards of Professional Practice Update course, which expires on the date on which the approval by the Appraiser Qualifications Board expires, a continuing education activity shall expire on the date five years after the date of approval.

2. The Board may rescind approval of a continuing education activity if the Board finds:

   1) Falsification of information submitted for activity approval,
   2) A change in approval by Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program,
   3) A change in status of the qualification for online or correspondence delivery specified in 298 NAC, Chapter 6, § 001.07A,~~of certification by the International Distance Education Certification Center,~~
   4) Substantial errors and/or deficiencies in the materials or presentation,
   5) The materials, theories, and/or methodologies are not current and/or practical,
   6) There is a change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved,
   7) The instructor(s) responsible for the activity content and presentation are~~is~~ not approved,
   ~~8) The activity has not been offered for a period of at least five years from the last date of completion or the approval date if activity has not been offered,~~
   ~~9)~~8) The activity content and/or policies are not communicated to the credential holder(s) ~~as presented for~~ approved~~al~~,
   ~~10)~~9) A material violation of Real Property Appraiser Act or Title 298 by the education provider or instructor for the activity, or
   ~~11)~~10) There is a change to a secondary provider's rights to the activity.

3. If the Board finds reason to rescind its approval of an activity, the Board will provide written notice to the education provider that includes a description of the reasons for rescinding approval found by the Board. The education provider has 60 days from the date of notice to provide a written response to the Board's notice. If the response is satisfactory to the Board, the Board will not rescind its approval. If the response is not satisfactory to the Board, the Board may rescind approval of the activity. If approval is rescinded, the education provider may file a new application for approval of the qualifying education activity, and if so, meet the requirements in place at the time a new application is submitted to the Board.

DIRECTIONS

1. Complete entire application. If required information is not provided, application will be considered incomplete and may be returned~~ to you~~.

2. Along with the application, all information requested in the APPLICATION CHECKLIST section, as applicable, must be included.

3. Mail application, fee, and supporting documentation to:
   NEBRASKA REAL PROPERTY APPRAISER BOARD
   PO BOX 94963
   LINCOLN NE 68509-4963

4. Questions or concerns may be directed to Board staff at 402-471-9015 or nrpab.education@nebraska.gov.

Nebraska Real Property Appraiser Board

301 Centennial Mall South, First Floor
PO Box 94963
Lincoln, NE 68509-4963
https://appraiser.ne.gov/
402-471-9015

Board Number: ________________________________
Date Received:

For Board Use Only

APPLICATION FOR RENEWAL AS A CONTINUING EDUCATION ACTIVITY IN NEBRASKA

This application must be used by an education provider applying for renewal of a continuing education activity. A separate application form must be filed for each continuing education activity submitted for renewal. Applicants should read carefully Chapter 6 of Title 298 of the Nebraska Administrative Code before completing the information below. Any application deemed to be incomplete may be returned.

EDUCATION PROVIDER INFORMATION

Education Provider Name: ________________________________

Contact Person Name: ____________ Last ____________ First ____________ Middle

Address: ____________ PO Box or Street Number ____________ City ______ State ____________ Zip Code + 4

____________ Email Address ____________ Area Code + Phone Number

CONTINUING EDUCATION ACTIVITY INFORMATION

Per the Real Property Appraiser Qualifications Criteria effective on January 1, 2022, synchronous educational offering means, the instructor and students interact simultaneously online, similar to a phone call, video chat or live webinar, or web-based meeting; asynchronous educational offering means the instructor and students' interaction is non-simultaneous, and the students progress at their own pace and follow a structured course content and quiz/exam schedule.

Activity Title: ________________________________

Activity Length (Hours): *Exam hours not required nor counted* ____________

Nebraska Continuing Education Activity Approval Number: ____________

The activity is conducted: ☐ In-class ☐ By Correspondence (Synchronous) ☐ Online (Asynchronous)

APPLICATION CHECKLIST

All materials submitted to the Board related to an Application for Approval as a Continuing Education Activity are for Board use only and shall be retained by the Board.

General

Required for all continuing education activities.

☐ Completed application.

☐ Non-refundable $10.00 application fee.

GENERAL REQUIREMENTS

1. The Board may at any time conduct an audit of any approved education activity to verify that the activity is being conducted in accordance with the Real Property Appraiser Act and Title 298 as approved. If requested, electronic access will be provided to the Board for any approved online education activity.

2. The Board may at any time review activity and instructor materials approved by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program to verify that the activity and/or instructor(s) meets the requirements of the Real Property Appraiser Act and Title 298 as approved.

3. Approval of activities does not transfer from one education provider to another, unless one education provider obtains the legal rights to all activities of another education provider.

4. Education providers and instructors will comply with the Nebraska Private Postsecondary Career Schools Act, NEB. REV. STAT § 85-1601, et seq. as applicable.

5. Knowingly offering or attempting to offer a qualifying or continuing education activity as being approved ~~by the Board~~ to a real property appraiser or an applicant, without first obtaining approval of the activity ~~from the Board~~, except for activities required by an accredited degree-awarding college or university for completion of a degree in real estate, if the college or university had its curriculum approved by the Appraiser Qualifications Board as qualifying education is a violation of Neb. Rev. Stat. § 76-2238(21).

I hereby attest that I understand the GENERAL REQUIREMENTS listed above, and that none of the following has taken place since approval was initially granted by the Board:

- A change in the status of approval by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program,
- A substantial change to the materials, presentation, or policies,
- A change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved,
- One or more instructors were added or removed,
- The materials, theories, and/or methodologies are no longer current,
- The activity content and/or policies are no longer communicated to the credential holder(s) as presented for approval,
- A change in the status of certification by the International Distance Education Certification Center, or
- A change to a secondary provider's rights to the activity.

Print Name: ______________________ ______________________ ______________________

Last First Middle

____ ______________________

Signature Date

EXPIRATION AND RESCINDING APPROVAL

1. Except for the seven-hour Uniform Standards of Professional Practice Update course, which expires on the date on which the approval by the Appraiser Qualifications Board expires, a continuing education activity shall expire on the date five years after the date of approval.

2. The Board may rescind approval of a continuing education activity if the Board finds:

   1) Falsification of information submitted for activity approval,
   2) A change in approval by Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program,
   3) A change in status of the qualification for online or correspondence delivery specified in 298 NAC, Chapter 6, § 001.07A,~~of certification by the International Distance Education Certification Center,~~
   4) Substantial errors and/or deficiencies in the materials or presentation,
   5) The materials, theories, and/or methodologies are not current and/or practical,
   6) There is a change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved,
   7) The instructor(s) responsible for the activity content and presentation are~~is~~ not approved,
   ~~8) The activity has not been offered for a period of at least five years from the last date of completion or the approval date if activity has not been offered,~~
   ~~9)~~8) The activity content and/or policies are not communicated to the credential holder(s) as ~~presented for~~ approved~~al~~,
   ~~10)~~9) A material violation of the Real Property Appraiser Act or Title 298 by the education provider or instructor for the activity, or
   ~~11)~~10) There is a change to a secondary provider's rights to the activity.

3. If the Board finds reason to rescind its approval of an activity, the Board will provide written notice to the education provider that includes a description of the reasons for rescinding approval found by the Board. The education provider has 60 days from the date of notice to provide a written response to the Board's notice. If the response is satisfactory to the Board, the Board will not rescind its approval. If the response is not satisfactory to the Board, the Board may rescind approval of the activity. If approval is rescinded, the education provider may file a new application for approval of the qualifying education activity, and if so, meet the requirements in place at the time a new application is submitted to the Board.

DIRECTIONS

1. Complete entire application. If required information is not provided, application will be considered incomplete and may be returned~~ to you~~.

2. Along with the application, all information requested in the APPLICATION CHECKLIST section, as applicable, must be included.

3. Mail application, fee, and supporting documentation to:
   NEBRASKA REAL PROPERTY APPRAISER BOARD
   PO BOX 94963
   LINCOLN NE 68509-4963

4. Questions or concerns may be directed to Board staff at 402-471-9015 or nrpab.education@nebraska.gov.

NRPAB
Nebraska Real Property Appraiser Board

301 Centennial Mall South, First Floor
PO Box 94963
Lincoln, NE 68509-4963
https://appraiser.ne.gov/
402-471-9015

Board Number: ______________________
Date Received:

For Board Use Only

APPLICATION FOR APPROVAL AS A SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE IN NEBRASKA

This application must be used by an education provider applying for approval of a supervisory real property appraiser and trainee course or resubmission of an approved supervisory real property appraiser and trainee course ~~approved by the Board~~. A separate application form must be filed for each supervisory real property appraiser and trainee course submitted for approval. Applicants should read carefully Chapter 6 of Title 298 of the Nebraska Administrative Code before completing the information below. Any application deemed to be incomplete may be returned.

EDUCATION PROVIDER INFORMATION

Education Provider Name: ______________________

Contact Person Name: ______________ Last ______________ First ______________ Middle

Address: ______________ PO Box or Street Number ______________ City ______ State ______________ Zip Code + 4

______________ Email Address ______________ Area Code + Phone Number

SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE INFORMATION

Per the Real Property Appraiser Qualifications Criteria effective on January 1, 2022, synchronous educational offering means, the instructor and students interact simultaneously online, similar to a phone call, video chat or live webinar, or web-based meeting; asynchronous educational offering means the instructor and students' interaction is non-simultaneous, and the students progress at their own pace and follow a structured course content and quiz/exam schedule.

Course Title: ______________________

Course Length (Hours): ______________

The activity is conducted: ☐ In-class ☐ By Correspondence (Synchronous) ☐ Online (Asynchronous)

This submission is a: ☐ New Supervisory Appraiser and Trainee Course ☐ Resubmission of an Approved Supervisory Appraiser and Trainee Course

Supervisory Appraiser and Trainee Course Secondary Provider: ☐ Yes ☐ No

RESUBMISSION INFORMATION

If *New Supervisory Real Property Appraiser and Trainee Course* is selected under SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE INFORMATION, proceed to APPLICATION CHECKLIST.

If *Resubmission of an Approved Supervisory Appraiser and Trainee Course* is selected under SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE INFORMATION, the reason for resubmission is:

☐ There is a substantial change to the materials, presentation, or policies.

☐ There is a change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved.

☐ One or more instructors are added or removed by the education provider.

☐ The materials, theories, and/or methodologies are no longer current.

☐ The activity content and/or policies are no longer communicated to the ~~credential holder~~attendee(s) as ~~presented for~~ approv~~al~~ed.

☐ There is a change in the status of the qualification for online or correspondence delivery specified in 298 NAC, Chapter 6, § 001.07A~~certification by the International Distance Education Certification Center~~.

☐ There is a change to a secondary provider's rights to the activity.

APPLICATION CHECKLIST

All materials submitted for an Application for Approval as a Supervisory Real Property Appraiser and Trainee Course are for Board use only and shall be retained by the Board. Except for the completed application and the $25.00 application fee, if *Resubmission of an Approved Supervisory Real Property Appraiser and Trainee Course* is selected under SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE INFORMATION, only the items that have changed since the last submission need to be included.

☐ Completed application.

☐ A course description that clearly describes the content of the course, and meets the requirements specified in Section 004.03 of Title 298.

☐ Learning objectives that meet the requirements specified in Section 004.02 of Title 298.

☐ An instructor policy that requires the use of instructors who meet the requirements of the Nebraska Real Property Appraiser Act and Title 298.

☐ All student and instructor materials.

☐ Non-refundable $25.00 application fee.

☐ A timed outline that accounts for the general flow and recommended time spent on topics contained within the course and reflects hours of credit per topic.

☐ A record retention policy.

☐ An attendance policy that requires attendance to be verified in accordance with the Nebraska Real Property Appraiser Act and Title 298.

☐ A closed-book final examination.

☐ A completed Application for Approval as Instructor for Qualifying Education Activity, Continuing Education Activity, or Supervisory Real Property Appraiser and Trainee Course in Nebraska for each instructor.

☐ A document certifying completion issued to each attendee upon completion of a supervisory real property appraiser and trainee course. The document includes the name of education provider, signature of education provider and/or instructor, name of activity as approved, location at which activity was conducted or presentation method, date(s) ~~the~~ activity was conducted, number of hours, pass or fail statement, and name of credential holder, or be an official transcript from a university or college that includes the name of activity as approved, the number of credit hours awarded, and the name of the attendee.

AND if *Yes* is selected for Supervisory Real Property Appraiser and Trainee Course Secondary Provider under SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE INFORMATION:

☐ Evidence that the rights to the course have been purchased or lawfully acquired from the education provider that owns the rights to the course materials.

AND if *Online (Asynchronous)* is selected under SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE INFORMATION:

☐ Evidence that the online activity is certified by the International Distance Education Certification Center (Secondary providers must have IDECC approval under own name).

OR

☐ Evidence that the online activity is conducted by an accredited college, community college, or university that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education, that awards academic credit for the distance education courses, **AND**

Evidence that online education activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

☐ Description of the mechanism(s) used to demonstrate the student's knowledge of the subject matter, and why the mechanism(s) are effective.

If *By Correspondence (Synchronous)* is selected under SUPERVISORY REAL PROPERTY APPRAISER AND TRAINEE COURSE INFORMATION, and the activity is conducted by accredited college, community college, or university:

☐ Evidence that the activity provides interaction in a reciprocal environment where the student has verbal or written communication with the instructor.

GENERAL REQUIREMENTS

1. The Board may at any time conduct an audit of any approved education activity to verify that the activity is being conducted in accordance with the Real Property Appraiser Act and Title 298 as approved. If requested, electronic access will be provided to the Board for any approved online education activity.

2. The Board may at any time review activity and instructor materials approved by the Appraiser Qualifications Board of The Appraisal Foundation through its Course Approval Program to verify that the activity and/or instructor(s) meets the requirements of the Real Property Appraiser Act and Title 298 as approved.

3. Approval of activities does not transfer from one education provider to another, unless one education provider obtains the legal rights to all activities of another education provider.

4. Education providers and instructors will comply with the Nebraska Private Postsecondary Career Schools Act, NEB. REV. STAT § 85-1601, et seq. as applicable.

5. Knowingly offering or attempting to offer an education activity as being approved ~~by the Board~~ to a real property appraiser or an applicant, without first obtaining approval of the activity ~~from the Board~~, except for activities required by an accredited degree-awarding college or university for completion of a degree in real estate, if the college or university had its curriculum approved by the Appraiser Qualifications Board as qualifying education is a violation of Neb. Rev. Stat. § 76-2238(21).

I hereby attest that I have included all required materials, comply with all the listed requirements, and completed the submitted application in its entirety. I understand that, should this application be found to be incomplete, that it may be considered invalid and be returned.

Print Name: ______________________ ______________________ ______________
Last First Middle

____ ______________
Signature Date

RESCINDING APPROVAL

1. The Board may rescind approval of a supervisory real property appraiser and trainee course if the Board finds:

    1) Falsification of information submitted for activity approval,
    2) Substantial errors and/or deficiencies in the materials or presentation,
    3) The materials, theories, and/or methodologies are not current and/or practical,
    4) There is a change in the qualifications as specified in 298 NAC, Chapter 6, § 005.01 under which an instructor was approved,
    5) The instructor(s) responsible for the activity content and presentation are~~is~~ not approved,
    6) The activity has not been offered for a period of at least five years from the last date of completion or the approval date if activity has not been offered,
    7) The course content and/or policies are not communicated to the credential holder(s) as ~~presented for~~ approved~~al~~,
    8) A material violation of the Real Property Appraiser Act or NAC Title 298 by the education provider or instructor for the activity,
    9) A change in ~~status of certification by the International Distance Education Certification Center~~ status of the qualification for online or correspondence delivery specified in 298 NAC, Chapter 6, § 001.07A, or
    10) A change to a secondary provider's rights to the activity.

2. If the Board finds reason to rescind its approval of a course, the Board will provide written notice to the education provider that includes a description of the reasons for rescinding approval found by the Board. The education provider has 60 days from the date of notice to provide a written response to the Board's notice. If the response is satisfactory to the Board, the Board will not rescind its approval. If the response is not satisfactory to the Board, the Board may rescind approval of the supervisory real property appraiser and trainee course. If approval is rescinded, the education provider may file a new application for approval of the supervisory real property appraiser and trainee course, and if so, meet the requirements in place at the time a new application is submitted to the Board.

DIRECTIONS

1. Complete entire application. If required information is not provided, application will be considered incomplete and may be returned ~~to you~~.

2. Along with the application, all information requested in the APPLICATION CHECKLIST section, as applicable, must be included.

3. Mail application, fee, and supporting documentation to:
    NEBRASKA REAL PROPERTY APPRAISER BOARD
    PO BOX 94963
    LINCOLN NE 68509-4963

4. Questions or concerns may be directed to Board staff at 402-471-9015 or nrpab.education@nebraska.gov.

NRPAB
Nebraska Real Property Appraiser Board

301 Centennial Mall South, First Floor
PO Box 94963
Lincoln, NE 68509-4963
https://appraiser.ne.gov/
402-471-9015

ASC Appraiser ~~Federal~~ Registry Checked:	
NE Disciplinary Action Checked:	
Processed By:	Date:
For Board Use Only	

APPLICATION FOR REGISTRATION AS NEBRASKA SUPERVISORY REAL PROPERTY APPRAISER

APPLICATION INFORMATION

Nebraska Real Property Appraiser Credential Number: ______________________

Date of Application: ______________________

Name: ______________________ ______________________ ______________________
Last First Middle

Business Name: ______________________

Principal Place of Business Address: ______________________ ______________________ ______________________ ______________________
PO Box or Street Number City State Zip Code + 4

______________________ ______________________
Business Email Address Business Area Code + Phone Number

Secondary or Residential Address, if different: ______________________ ______________________ ______________________ ______________________
PO Box or Street Number City State Zip Code + 4

______________________ ______________________
Email Address Area Code + Phone Number

CURRENT TRAINEES (Trainee real property appraisers for whom you have already been approved as supervisory real property appraiser) Include any trainee real property appraisers for whom you are approved as supervisory real property appraiser in any other jurisdiction.

Name: ______________________

Credential Number: ______________________ Credentialing State: ______________________

Name: ______________________

Credential Number: ______________________ Credentialing State: ______________________

Name: ______________________

Credential Number: ______________________ Credentialing State: ______________________

TRAINEE REAL PROPERTY APPRAISER INFORMATION

Nebraska Real Property Appraiser Credential Number *(if trainee real property appraiser is already credentialed)*: ______________________________

Date Trainee Real Property Appraiser Credential Issued *(if already credentialed)*: ______________________

Name: ______________________ ______________________ ______________________

Last First Middle

Business Name: ______________________________

Principal Place of Business Address: ______________________ ______________ ________ __________

PO Box or Street Number City State Zip Code + 4

______________________________ ______________________

Business Email Address Business Area Code + Phone Number

Secondary or Residential Address, if different: ______________________ ______________ ________ __________

PO Box or Street Number City State Zip Code + 4

______________________________ ______________________

Email Address Area Code + Phone Number

DISCIPLINARY QUESTIONS

1. Have you surrendered a Nebraska appraiser credential, or an appraiser credential, or any other registration, license, or certification, issued by any other regulatory agency or held in any other jurisdiction, in lieu of disciplinary action pending or threatened within the three-year period immediately preceding the date of application?

☐ YES ☐ NO

2. Has your Nebraska appraiser credential, or your appraiser credential or any other registration, license, or certification issued by any other regulatory agency or held in any other jurisdiction, been revoked or suspended within the three-year period immediately preceding the date of application?

☐ YES ☐ NO

3. Has disciplinary action been taken against your appraiser credential or any other registration, license, or certification issued by any regulatory agency or held in any jurisdiction within the five-year period immediately preceding the date of application?

☐ YES ☐ NO

4. Are disciplinary proceedings pending against you or are you currently under investigation by any regulatory agency in Nebraska or in any other jurisdiction?

☐ YES ☐ NO

5. Have you successfully completed disciplinary action by the Board or any other jurisdiction, which action limited your legal eligibility to engage in real property appraisal practice within three years immediately preceding the date the written request for approval as supervisory real property appraiser is submitted by the applicant or trainee real property appraiser?

☐ N/A ☐ YES ☐ NO

If you answered yes to any of the above questions, provide a brief statement that includes all significant details, the circumstances surrounding the matter, the name of any persons involved, and resolution or conviction on a separate sheet. Provide copies of all official records related to the matter, including convictions, orders, and/or settlement agreements. The credential status of an applicant, including current standing and any disciplinary action imposed against his or her credentials, will be verified through the National Registry of the Appraisal Subcommittee of the Federal Financial Institutions Examination Council.

APPLICATION CHECKLIST

Include the following items with your completed application:

☐ Completed application form.

☐ Proof of completion of a board-approved supervisory real property appraiser and trainee course as a certified residential or certified general real property appraiser prior to date of this application.

Date completed (month, year): ______________________

I hereby attest that I have included all required materials and completed the submitted application in its entirety. I understand that, should my application be found to be incomplete, it will not be processed and may be returned to me.

Print Name: ______________________ ______________________ ______________________

Last First Middle

______________________________________ ______________________

Applicant's Signature Date

AFFIDAVIT OF SUPERVISORY REAL PROPERTY APPRAISER

The foregoing statements are made for the purpose of procuring Supervisory Real Property Appraiser registration. I hereby consent that these statements may be used as evidence by the Real Property Appraiser Board of the State of Nebraska, or in any court in Nebraska where a violation of the said Real Property Appraiser Act is claimed, and that the application, representations, and statements made herein to procure Supervisory Real Property Appraiser registration may at any time be used in evidence.

I have read and will comply with the *Uniform Standards of Professional Appraisal Practice* and the Real Property Appraiser Act. I hereby certify that I understand the types of misconduct for which disciplinary proceedings may be initiated.

I also expressly agree that the Nebraska Real Property Appraiser Board reserves the right to go outside this application for information as to my trustworthiness and competency to act as a real property appraiser in the State of Nebraska.

I also hereby authorize any agency of federal, state, or local government, consumer reporting agency, present or former employer, or any other individual, partnership, corporation, or association, in this or any other state, to furnish to the Nebraska Real Property Appraiser Board, or its representatives, any information bearing upon my reputation for honesty, trustworthiness, integrity, and competence to transact business of a real property appraiser in such manner as to safeguard the interest of the public. Such information may include, but is not limited to, records of arrests for criminal offenses, the circumstances involved in any such arrests, the suspension or revocation of any license authorizing me to engage in any profession or occupation, or the rejection of my application for such license, and the reason for such suspension, revocation, or rejection.

I hereby state that I have fully read and understand the questions presented on this form and have answered all questions truthfully and completely. I acknowledge that my failure to make a full and accurate disclosure of any information called for herein may result in the denial or withdrawal of my right to supervise trainee real property appraisers. I recognize that by signing the appraisal reports of the above-mentioned trainee real property appraiser, I accept full responsibility for the assignment results and their compliance with the Uniform Standards of Professional Appraisal Practice. I acknowledge that I will be required to personally inspect all properties until I have determined that the trainee real property appraiser is competent in accordance with the Competency Rule of the Uniform Standards of Professional Appraisal Practice. I acknowledge that I am required to maintain a log of completed appraisal reports jointly with the trainee real property appraiser. I am aware that I may not supervise more than three trainee real property appraisers simultaneously. I understand that I am required to comply with the Real Property Appraiser Act while fulfilling my obligations as a supervisory real property appraiser.

I CERTIFY THAT THE STATEMENTS MADE IN THIS APPLICATION AND ALL ATTACHMENTS ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF AND THAT I HAVE NOT SUPPRESSED ANY INFORMATION THAT MIGHT HAVE A BEARING ON THIS APPLICATION.

Signature of Trainee Real Property Appraiser/Applicant ______________________ Date: ____________

Signature of Supervisory Real Property Appraiser Applicant: ______________________ Date: ____________

State of: ______________________)
) ss.
County of: ______________________)

The foregoing instrument was acknowledged before me this ______ day of ____________ 20 ______

by ______________________
Print Supervisory Real Property Appraiser Applicant's Name

(Notary Seal Here)

____
Signature of Notary Public

DIRECTIONS

1. Complete entire application. If required information is not provided, application will be considered incomplete and may be returned to you.
   Note: Supervisory Real Property Appraiser Applicant and Trainee Real Property Appraiser/Applicant are both required to sign the application. Only the Supervisory Real Property Appraiser Applicant's signature is required to be notarized.

2. Along with the application, the following documentation is also required to be included:
   a. Proof of the most recently completed board-approved supervisory real property appraiser and trainee course completed as a certified residential or certified general real property appraiser.

3. Mail application and supporting documentation to:
   NEBRASKA REAL PROPERTY APPRAISER BOARD
   PO BOX 94963
   LINCOLN, NE 68509-4963
   or email to nrpab.credentialing@nebraska.gov. Street address for FedEx or UPS is 301 CENTENNIAL MALL SOUTH, FIRST FLOOR, LINCOLN NE 68509

4. Questions or concerns may be directed to NRPAB staff at 402-471-9015 or nrpab.credentialing@nebraska.gov.

ADDITIONAL INFORMATION

- If a trainee real property appraiser credential application has not been submitted prior to the submission of the supervisory real property appraiser application, it is required to be submitted along with the application for supervisory real property appraiser.

- A board-approved supervisory real property appraiser and trainee course is required to be completed as a certified residential or certified general real property appraiser prior to the date of application to be a supervisory real property appraiser.

- A supervisory real property appraiser may not supervise more than three trainee real property appraisers simultaneously. This includes trainee real property appraisers in jurisdictions other than Nebraska.

- A supervisory real property appraiser is required to:
  - Hold a Certified Residential or Certified General real property appraiser credential for a minimum of three years immediately preceding the date of application.
  - Be in good standing at the time of application.
  - Have not successfully completed disciplinary action by the board or any other jurisdiction, which action limited the real property appraiser's legal eligibility to engage in real property appraisal practice within three years immediately preceding the date the written request for approval as supervisory real property appraiser is submitted by the applicant or trainee real property appraiser on a form approved by the board.

- A certified real property appraiser that has been approved by the Board as a supervisory real property appraiser, and is currently acting in a supervisory capacity for one or more trainee real property appraisers, may use the title supervisory appraiser or designation "S.A." in conjunction with his or her name.

NRPAB
Nebraska Real Property Appraiser Board

301 Centennial Mall South, First Floor
PO Box 94963
Lincoln, NE 68509-4963
https://appraiser.ne.gov/
402-471-9015

Check Number:	
Receipt Number:	
~~ASC Appraiser Registry Checked for Listed Owners:~~	
Processed By:	Date:
For Board Use Only	

FEDERALLY REGULATED APPRAISAL MANAGEMENT COMPANY NEBRASKA REPORTING FORM

PROCESSING AND ASC AMC REGISTRY FEES

PROCESSING FEE DUE WITH REPORTING FORM: $350.00

ASC AMC REGISTRY FEE DUE: $25.00 X number of AMC appraisers reported

APPRAISAL MANAGEMENT COMPANY INFORMATION

Date of Reporting Form: ____________________

Nebraska Federally Regulated AMC Identification Number (if this is not the AMC's first report): ____________________

Employer Identification Number (EIN): ____________________

Legal Name: ____________________

AMC Type:
☐ Single State (panel of more than 15 AMC appraisers)
☐ Multi-State (panel of 25 or more AMC appraisers in two or more states)

Business Address: ____________________
PO Box or Street Number | City | State | Zip Code + 4

____
~~E-Mail~~Email Address | Area Code + Phone Number

State of Domicile: ____________________

TRADE NAME

If the ~~applicant~~ reporting entity will be doing business in Nebraska under any other name(s), then all such names must be stated, with address and telephone number. *(Use a separate sheet if necessary)*

Other name: ____________________

Business Address: ____________________
PO Box or Street Number | City | State | Zip Code + 4

____
~~E-Mail~~Email Address | Area Code + Phone Number

CONTACT PERSON

Contact person to serve as main contact for all communication with the Real Property Appraiser Board.

Name: ______________________________ Last ______________________ First ______________________ Middle

Address: ______________________________ PO Box or Street Number ______________________ City __________ State __________ Zip Code + 4

______________________________ ~~E-Mail~~Email Address ______________________________ Area Code + Phone Number

~~OWNERSHIP~~

~~**Is the Federally regulated AMC in whole or in part, directly or indirectly, owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State?**~~

~~☐ YES~~ ~~☐ NO~~ ~~If the answer is yes, provide owner names and contact information on a separate sheet.~~

REPORTING YEAR AND ASC AMC REGISTRY FEE

Annual ASC AMC Registry Fee Based On Reporting Year:

Beginning Date of Reporting Year: ______________________ Ending Date of Reporting Year: ______________________

Number of AMC appraisers who have performed an appraisal for the AMC in connection with a covered transaction in Nebraska during the reporting year ______________ X $25.00 = $ ______________ ASC AMC Registry Fee due with reporting form

(Covered transaction means any consumer credit transaction secured by the consumer's principal dwelling.)

ASC AMC Registry Fee	$	
Nebraska Processing Fee	+	350.00
Total Fees Due with Reporting Form	$	

~~With the annual reporting form and the ASC National Registry Fee, the AMC must also provide a list of the AMC appraisers who have performed an appraisal for the AMC in connection with a covered transaction in Nebraska during the reporting year, including:~~

~~(1) First and last name,~~
~~(2) Credential number,~~
~~(3) Number of appraisals performed,~~
~~(4) Earliest appraisal submission date (during the reporting year), and~~
~~(5) Latest appraisal submission date (during the reporting year).~~

CERTIFICATION

I certify that the statements made in this ~~application~~ reporting form and all attachments are true and correct to the best of my knowledge and belief, and that I have not suppressed any pertinent information.

Signature of Contact Person: ______________________________ Date: ______________

NOTE

Federally regulated appraisal management company means an appraisal management company that is: (a) Owned and controlled by an insured depository institution as defined in 12 U.S.C. 1813, as such section existed on January 1, 2018; and (b) Regulated by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the successor of any such agencies.

DIRECTIONS

1. Complete entire ~~application~~reporting form. If required information is not provided~~, application~~ reporting form will be considered incomplete and may be returned to you.

2. Include check or money order for non-refundable $350.00 processing fee and calculated ASC AMC Registry Fee based on number of AMC appraisers reported x $25.00.

~~3. Include list of the AMC appraisers who have performed an appraisal for the AMC in connection with a covered transaction in Nebraska during the reporting year~~

~~4~~. Mail reporting form~~application~~ and fees to:
NEBRASKA REAL PROPERTY APPRAISER BOARD
301 CENTENNIAL MALL SOUTH, FIRST FLOOR
PO BOX 94963
LINCOLN, NE 68509-4963

5. Questions or concerns may be directed to NRPAB staff at 402-471-9015 or nrpab.amc@nebraska.gov

NRPAB

Nebraska Real Property Appraiser Board

Fee Schedule

Draft February 14, 2022

Real Property Appraiser Credential Fees	
Real Property Appraiser Credential Application Fee	$150.00
Real Property Appraiser Criminal History Record Check Fee	$45.25
Licensed/ Certified Residential/ Certified General Real Property Appraiser Credentialing Fee	$300.00
Annual Licensed/ Certified Residential/ Certified General Real Property Appraiser Federal Registry Fee	$40.00
Annual Licensed/ Certified Residential/ Certified General Real Property Appraiser Renewal Fee	$275.00
Annual Random Fingerprint Audit Program Maintenance Fee for Renewal of Real Property Appraiser Credential	$5.00
Real Property Appraiser Renewal Late Processing Fee (For each month or portion of month application is late)	$25.00
Licensed/ Certified Residential/ Certified General Real Property Appraiser Inactive Credential Application Fee	$100.00
Licensed/ Certified Residential/ Certified General Real Property Appraiser Inactive Credentialing Fee	$300.00
Licensed/ Certified Residential/ Certified General Real Property Appraiser Examination Fee (Paid to testing service Provider)	
Temporary Real Property Appraiser Credential Fees	
Licensed/ Certified Residential/ Certified General Real Property Appraiser Temporary Credential Application Fee	$100.00
Licensed/ Certified Residential/ Certified General Real Property Appraiser Temporary Credentialing Fee	$50.00
Appraisal Management Company Registration Fees	
Appraisal Management Company Application Fee	$350.00
Appraisal Management Company Registration Fee	$2000.00
Appraisal Management Company Registration Renewal Fee	$1500.00
Appraisal Management Company -Registration Renewal Late Processing Fee (For each month or portion of month application is late)	$25.00
Real Property Appraiser Education Fees	
New/Resubmission Qualifying Education Activity Fee	$50.00
New/Resubmission Continuing Education Activity Fee	$25.00
Continuing Education Activity Renewal Fee	$10.00
New/Resubmission Seven-Hour Supervisory Appraiser and Trainee Course Fee	$25.00
Miscellaneous Fees	
Appraiser Corporate Certificate Request/Duplicate Proof of Credentialing Fee	$25.00
Federally Regulated AMC Reporting Form Processing Fee	$350.00
Preliminary Criminal History Review Fee (Pre-application review for credentialing applicants and owners of more than 10% of AMCs)	$50.00

Identifying Bias and Barriers, Promoting Equity:

An Analysis of the USPAP Standards and Appraiser Qualifications Criteria

January 2022

A study commissioned by the Appraisal Subcommittee of the Federal Financial Institutions Examination Council and carried out by the Council on Licensure, Enforcement and Regulation under Cooperative Agreement number TTA2021KY02.

Fair Housing DANE LAW Civil Rights

NFHA NATIONAL FAIR HOUSING ALLIANCE

CHRISTENSEN LAW FIRM www.valuationlegal.com

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Table of Contents

Acknowledgments

The authors of this report would like to thank the Appraisal Subcommittee and the Council on Licensure, Enforcement and Regulation ("CLEAR") for the opportunity to research and report on the important topic of appraisal governance, which impacts homeowners across the nation. In addition, we would like to thank The Appraisal Foundation for being open and responsive to every request, and for embracing the challenge of working toward a fairer and more equitable appraisal system. Finally, we would like to thank all of the advocates, researchers, and industry organizations that generously gave of their time to provide us with insights and observations that resulted in a richer report.

About the National Fair Housing Alliance

Founded in 1988 and headquartered in Washington, DC, the National Fair Housing Alliance ("NFHA") is the only national organization dedicated solely to ending discrimination in housing. NFHA is the voice of fair housing and works to eliminate housing discrimination and to ensure equal housing opportunity for all people through leadership, education and outreach, membership services, public policy initiatives, community development initiatives, advocacy, and enforcement.

NFHA is a consortium of nonprofit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States. NFHA recognizes the importance of home as a component of the American Dream and aids in the creation of diverse, barrier-free communities throughout the nation.

About Dane Law LLC

Dane Law LLC is a private law firm with a special focus on the Fair Housing Act, the Equal Credit Opportunity Act, and other federal civil rights laws applicable to housing discrimination. Dane Law's founder and owner, Stephen M. Dane, is nationally recognized in the fair housing and civil rights communities, and is admitted to practice in over a dozen federal courts throughout the country, including the U.S. Supreme Court. Throughout his career, Mr. Dane has represented and advised lending and financial institutions in connection with mortgage lending compliance, and has also represented victims of mortgage lending and appraisal discrimination.

About the Christensen Law Firm

The Christensen Law Firm is focused on legal and regulatory matters concerning valuation (primarily real property) and related services. The clients the firm serves are valuation firms and professionals; technology and appraisal management companies; and also individual and commercial parties who use or rely on valuation services.

The Authors

The following individuals authored this report:

Maureen Yap	Senior Counsel, NFHA
Morgan Williams	General Counsel, NFHA
Lisa Rice	President and CEO, NFHA
Scott Chang	Senior Counsel, NFHA
Peter Christensen	Principal, Christensen Law Firm
Stephen M. Dane	Founder and Owner, Dane Law, LLC

The views and opinions expressed in the report are those of the authors and do not reflect the official policy or position of the Appraisal Subcommittee or the agencies represented on its Board.

Executive Summary

The appraiser has the power to determine the value of a mortgage borrower's most important financial asset, which can hold the key to determining whether that borrower's family can purchase a permanent home rather than rent, access credit on reasonable terms, or build wealth for their family and generations to come. Over time, Americans have seen many crises related to homeownership (the Savings and Loan Crisis, the Great Recession, the COVID pandemic) and each time, the housing market players were heavily scrutinized and regulated to prevent harm to the American consumer's greatest asset. Given the importance of homeownership to so many people, the reforms were welcomed by homeowners and largely embraced by key housing market players, such as mortgage bankers, who understood the importance of protecting the housing market and saw borrowers of color as the future of the market.

Until recently, however, the appraisal industry seems to have escaped the type of regulation and scrutiny faced by other participants in the mortgage market. Our analysis finds that the appraisal industry has operated in a relatively closed, self-regulated framework. Recent news stories have presented the shortcomings of the appraisal industry in stark relief, where individual homeowners and researchers have demonstrated that discriminatory bias continues to plague the appraisal industry, undermining value and breaking a key rung on the ladder to the middle class for families of color. Given these circumstances, it is time to examine the structure and governance of the appraisal industry, particularly as they impact borrowers of color.

Several organizations have answered the call for appraisal reform, particularly as it affects borrowers of color. For example, in 2020, The Appraisal Foundation began a series of diversity and inclusion efforts.[1] In addition, on May 14, 2021, the Appraisal Subcommittee approved an initiative for a comprehensive and independent review of the Uniform Standards of Professional Appraisal Practice ("USPAP Standards" or "Appraisal Standards") and the Real Property Appraiser Qualification Criteria ("Appraiser Criteria").[2] The goal of the review is to ensure that USPAP Standards and the Appraiser Criteria do not encourage or systematize bias, and that the standards and criteria consistently support or promote fairness, equity, objectivity, and diversity in both appraisals and the training and credentialing of appraisers. The Appraisal Subcommittee contracted with the Council on Licensure, Enforcement and Regulation ("CLEAR") to manage the review, which contracted with this consortium, led by NFHA. Finally, on June 1, 2021, President Biden directed U.S. Department of Housing and Urban Development ("HUD") Secretary Marcia Fudge to lead a "first-of-its-kind interagency initiative to address inequity in home appraisals." Secretary Fudge and White House Domestic Policy Council ("DPC") Director Susan Rice established the Interagency Task Force on Property Appraisal and Valuation Equity ("PAVE").[3] This report was developed in response to the Appraisal Subcommittee/CLEAR initiative, and the Appraisal Subcommittee, CLEAR, and the authors of this report have closely coordinated to share findings with the President's PAVE initiative.

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[1] The Appraisal Foundation, *Promoting Diversity in the Appraisal Profession*, https://appraisalfoundation.sharefile.com/share/view/s07b3d65a193d47e6a626af02a7aad265.
[2] Appraisal Subcommittee, *Review of USPAP and AQB Criteria; Focus on Fairness, Equity, Objectivity and Diversity*, (June 4, 2021), https://www.asc.gov/Pages/ViewWhatsNew.aspx?ID=164.
[3] *See* PAVE Interagency Task Force at https://pave.hud.gov/.

We want to acknowledge that during the course of our research, we spoke to many appraisers and appraisal organizations who recognize the challenges the industry faces and are dedicated to developing solutions. We thank them for their insights and applaud them for their earnest efforts for change. We hope that the research and recommendations provided in this report open up the conversation to more key stakeholders in the appraisal and housing industry to seek workable, sustainable solutions that benefit the whole of the housing market, including borrowers of color.

Goals and Methodology

The Appraisal Subcommittee and CLEAR provided several goals for this report, including:

- Identifying any instances in which the Appraisal Standards, Appraiser Criteria, or training facilitate or systematize racial bias;
- Identifying opportunities for reform of the Appraisal Standards, Appraiser Criteria, or training, with the goal of supporting and promoting fairness, equity, objectivity, and diversity;
- Identifying whether the Appraisal Standards, Appraiser Criteria, or training present barriers of entry to the profession that disparately impact people of color and/or women; and
- Discussing the process used to promulgate changes to the Appraisal Standards, Appraiser Criteria, or training.

The research for this report was conducted by reviewing numerous appraisal and applicable civil rights materials, including:

Appraisal Standards

- Appraisal Standards Board: 2020-2021 Uniform Standards of Professional Appraisal Practice ("USPAP Standards") (Effective January 1, 2020 through December 31, 2022)
    - Preamble
    - Rules and Definitions
    - Standards 1-4
- Appraisal Standards Board: USPAP Advisory Opinions
- Appraisal Standards Board: Frequently Asked Questions that are related to real property

Appraiser Criteria

- Appraiser Qualifications Board: Criteria, Interpretations of the Criteria, and Guide Notes (Effective January 1, 2021)

Training

- 2020-2022 15-hour National USPAP Course (required for initial appraiser credentials)
- 2020-2021 7-hour National USPAP Update Course and 2022-2023 7-hour National USPAP Update Course (a current USPAP Update Course is required once every two years for licensed or certified appraisers)

Finally, in addition to interviews with representatives from The Appraisal Foundation, interviews were conducted with the following organizations:

Appraisal Industry
- American Society of Appraisers
- Appraisal Institute
- Collateral Risk Network
- Real Estate Valuation Advocacy Association

Fair Housing Advocates
- Fair Housing Advocates of Northern California
- Fair Housing Center of Central Indiana

Mortgage Industry
- Housing Policy Council

Researchers
- Freddie Mac
- Dr. Elizabeth Korver Glenn
- Dr. Andre M. Perry, The Brookings Institution

Outline and Recommendations

Based on our research, interviews, and reviews, we provide the following recommendations, which are discussed in more detail in the main text of the report:

Questions About the Governance of the Appraisal Industry

Legal Authority. The appraisal governance structure is unique and complex with a private entity setting the minimum appraisal standards and professional entrance criteria that must be adopted by the states. Given the importance of appraisals to the residential housing market and individual consumers' finances, it is recommended that the complex questions regarding the extent of The Appraisal Foundation's legal authority be considered for further review, including questions about the extent of the legal authority under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), any potential obligations under the Administrative Procedures Act, and any potential issues under the Constitution's nondelegation doctrine.

Appointments and Elections Process. The Appraisal Foundation should consider the following steps to enhance inclusiveness, to provide a more intentional and meaningful way to incorporate the voices of civil rights and consumer advocates, and to improve the ability to issue USPAP Standards and Appraiser Criteria that benefit the whole of the housing market, including homeowners and neighborhoods of color:

- Repeal the requirement that a majority of the Board of Trustees must be appraisers.
- Repeal the requirement of financial donations to appoint board members.

- Provide a mechanism allowing industry groups and civil rights/consumer advocates to appoint an equal number of trustees. (For purposes of this report, the term "civil rights/consumer advocates" means organizations that have as their primary purpose the promotion of civil rights and/or consumer protection.)
- Provide a mechanism allowing industry groups and civil rights/consumer advocates to nominate an equal number of trustees to at-large elections.
- Require that at least four of the at-large trustees must be civil rights/consumer advocates.
- Form an advisory council consisting only of nonprofit civil rights and consumer advocates.
- Require that at least a third of the members of the Appraisal Standards Board and Appraiser Qualifications Board be civil rights/consumer advocates.

Rules of Procedure and Exposure Draft Process. The Appraisal Foundation should consider the following steps to enhance transparency and inclusiveness, and to improve the ability to issue USPAP Standards and Appraiser Criteria that benefit the whole of the housing market, including homeowners and neighborhoods of color:

- Require the Appraiser Qualifications Board to provide notice to the public, exposure of drafts, and an opportunity for public participation. (The Appraiser Qualifications Board currently engages in this practice but would benefit from having the practice codified in its bylaws.)
- Require the Appraisal Standards Board and Appraiser Qualifications Board to state the legal authority under which it is promulgating standards or criteria.
- Require the Appraisal Standards Board to make the complete text of USPAP Standards, including Advisory Opinions, available to both appraisers and the public for free.
- Require the Appraisal Standards Board and the Appraiser Qualifications Board to consider the impact of proposed standards and criteria on consumers and neighborhoods, including consumers and neighborhoods of color. As a best practice, many agencies that regulate the housing finance market set up specific and regular meetings to hear feedback from civil rights and consumer advocates.
- Require the Appraisal Standards Board and the Appraiser Qualifications Board to publish the final standards and criteria at least 30 days before the effective date.
- Require the Appraisal Standards Board and the Appraiser Qualifications Board to provide to the public an easily accessible system to request the issuance, amendment, or repeal of any standard or criteria.

Gaps in Fair Housing Requirements and Training

Clear Prohibition on Discriminatory Conduct. To make it easier for appraisers and the public to understand an appraiser's fair housing obligations, the USPAP Standards and Advisory Opinion 16 should be revised to clearly state that discrimination in appraisals is prohibited.

Guidance on Discretion. Consistent with other aspects of the housing finance market, the appraisal process should be thoroughly reviewed for fair housing risk, particularly in the exercise of discretion, and the USPAP Standards should be amended accordingly in order to provide a baseline standard for fair and equitable outcomes.

Fair Housing Training Requirements. Quality fair housing training for appraisers is critically important and should be a requirement for every appraiser to obtain and maintain their credentials. The Appraiser Criteria should be revised to clearly require comprehensive fair housing training on federal, state, and local fair housing laws at every stage of the credentialing process and at renewal.

Fair Housing Training.

Recommendations for the Training Requirements:

- There should be comprehensive fair housing training included in the initial 15-hour USPAP course (not just in the 7-hour USPAP continuing education course).
- The fair housing training module in the current 2022-2023 7-hour USPAP continuing education course for credentialed appraisers should be revised immediately and developed with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals about how to comply with the letter and spirit of applicable federal, state, and local fair housing laws.
- At a minimum, the fair housing training should include:
    - The history of discrimination and segregation and the role of the appraisal industry in establishing and perpetuating both;
    - Information about the costs of appraisal bias for families, communities, the housing industry, and the nation, including the impact on the racial homeownership and wealth gaps;
    - An in-depth explanation of the federal fair housing laws and implementing regulations as well as the role of state and local fair housing laws;
    - Recent case examples of appraisal discrimination;
    - The appropriate use of the free-form text sections of the appraisal report, including a reminder that the racial and ethnic composition of the neighborhood should never be a factor that influences the value of a home;
    - An explanation of how compliance with fair housing laws and standards benefits the appraisal and housing industry, consumers, communities, and the greater society; Best practices to ensure compliance with the letter and spirit of the fair housing laws.
- The Appraisal Foundation should collaborate with HUD, the U.S. Department of Justice ("DOJ"), the Federal Housing Finance Agency ("FHFA"), and other regulators and enforcement agencies to develop, improve, and implement fair housing training. In addition, The Appraisal Foundation should consider inviting civil rights experts to provide the fair housing training for appraisers.

Recommendations for the Existing Training:

- The introduction to the existing training should be revised to focus on fair housing laws and their requirements. Similarly, the overall tone of the module should be revised from one of raising questions about perception and reputational risk for appraisers to clearly identifying fact patterns that represent illegal discrimination and avoiding harm to consumers.
- The background section should be revised to focus on the history of appraisal discrimination and its impact on borrowers and communities of color.
- The legal section should be revised to accurately state the law. Currently, the module inaccurately focuses on intentional bias and unintentional bias rather than disparate treatment and disparate impact. The definitions and commentary also require revision to

explain what constitutes disparate treatment and disparate impact and how appraisers can comply with legal requirements and follow best practices.
- The illustrations and case studies should be revised to clearly identify fact patterns that represent illegal discrimination. The fact patterns should focus on situations that are common and clearly covered by the Fair Housing Act.
- The instructor's manual should be revised to provide more explicit guidance. Also, in connection with fair housing topics, the instructor's focus should be on the law first and USPAP and other guidelines second.

Barriers to Entry to the Appraisal Profession

Barriers to Entry. It is recommended that each of the barriers to entry to the appraisal profession be reviewed for disparate impact by analyzing the burden on potential appraisers of color, the business justification for the requirement, and whether there is a less discriminatory alternative that can achieve the business interest. Below is a description of each barrier and a more detailed recommendation.

Multiple Levels of Credentials. The credentialing criteria should be reviewed to consider streamlining the credentials to just two certifications: 1) certified residential appraiser and 2) certified general appraiser. This approach would:

- Follow the model of other professions where the individual is fully licensed or certified after passing the exam (e.g., real estate broker, accountant, lawyer);
- Follow the model of many large lenders and appraisal management companies, which already require appraisals to be conducted by a certified appraiser; and
- Provide a more realistic way for new entrants to earn a living in the profession.

College Degree Requirements. The criteria should be reviewed to consider whether the college degree is necessary for the profession, including whether this requirement has appreciably improved the quality of appraisals.

Appraiser Education Hours. The appraiser education hours criteria should be reviewed to consider whether the extensive hours are necessary and whether the content of the courses should be revised to better prepare the student to conduct the work of an appraiser.

Experience Hours. Given the clear racial disparate impact of the experience hours and Supervisory Appraiser criteria, this requirement should be thoroughly reviewed to consider less discriminatory alternatives, including:

- Improving the content of the education courses so that the student is better prepared to conduct appraisals after passing the exam;
- Improving the content of the exam by including a practice-based component that ensures a prospective appraiser has a clear understanding of industry practices; and
- Replacing the current experience requirement with an exam that, once passed, makes the individual a certified appraiser.

Standardized Tests. The Appraisal Foundation should collect data on race, ethnicity, and gender to measure the impact of the examinations. Also, the examinations should be reviewed for validity and consistency with federal anti-discrimination laws.

Pipeline and Future of the Profession. The Appraisal Foundation and other appraiser organizations should continue and expand their outreach to women and people of color. In addition, The Appraisal Foundation and other appraisal organizations should monitor the demographics of individuals entering the profession or renewing their credentials and share this information publicly to ensure that the demographics of the profession are more transparent. Finally, appraiser organizations should ensure that new professionals are prepared for the future with respect to the use of technology, automation, and artificial intelligence.

Compliance and Enforcement

Need for Data. Government, the Government Sponsored Enterprises ("GSEs," that is, Fannie Mae and Freddie Mac), lenders, appraisers, researchers, and civil rights/consumer advocates should strategize and work together for the release of appropriate elements of the appraisal data sets to reduce bias and develop more robust compliance and monitoring systems. In addition, after public input and collaboration, a public repository and accessible database of complaints involving appraisals for mortgage lending should be developed to identify trends in the filing of complaints, including instances of alleged discrimination, and to identify appraisers and appraisal management companies that may be engaging in repeatedly deficient or discriminatory appraisal activity.

Compliance Management Systems. Government, the GSEs, lenders, appraisers, researchers, and civil rights/consumer advocates should use knowledge of data science and appropriate examples from the mortgage and homeowners' insurance industries to develop more robust compliance management systems to monitor, remedy, and prevent fair housing risk and/or violations in appraisals.

Duty of Care. Fair housing advocates working on behalf of borrowers indicate that fair housing legal issues in appraisals often overlap with appraiser professional negligence. Because appraisers' legal accountability for professional negligence under applicable case law typically extends only to those parties whom the appraiser has identified as "intended users" within the meaning of USPAP Standards and because appraisers generally do not identify borrowers as such intended users, appraisers often have no legal accountability to borrowers for instances of negligence. To increase the accountability of appraisers to borrowers who have been injured by appraisal negligence, the Appraisal Standards Board should consider amending the USPAP Standards to require appraisers to identify mortgage borrowers as "intended users" of appraisals prepared in relation to residential mortgage transactions.

Reconsideration of Value Process. A "reconsideration of value" is the term used to describe the *ad hoc* process by which borrowers challenge appraisal values. It is a process that varies highly from lender to lender and that is without any legal structure. Fair housing advocates indicate that lack of fair consideration and clear communication in the process often occurs at the beginning of fair housing claim situations. Government, the GSEs, lenders, and The Appraisal Foundation should develop standards and guidance for appraisers regarding the fair handling of and increasing the transparency and accountability in the Reconsideration of Value process.

Note on the language in this report: We are aware that there is no universal agreement on the appropriate race or ethnicity label for the diverse populations in the United States or even on whether particular labels should be capitalized. We intend in all cases to be inclusive, rather than exclusive, and in no case to diminish the significance of the viewpoint of any person or to injure a person or group through our terminology. For purposes of this report, we have utilized the following language (except in cases where a resource, reference, case, or quotation may use alternate terminology): Black, Latino, Asian American, and White. We are aware that some use the term "African American," but there are some who argue that this term is exclusive, and we intend to be as inclusive as possible. We are also aware that many people prefer the term "Hispanic" or "Latinx." We intend in this report to include those who prefer "Hispanic" or "Latinx" in the term "Latino" and intend no disrespect. We refer to "neighborhoods of color," "communities of color," "people of color," or specify the predominant race(s), rather than utilizing the term "minority." We also use the term "disability," rather than "handicap" (the term used in the Fair Housing Act).

Part I: Background

A. The Problem of Bias in the Appraisal Industry

The Appraisal System Historically Undervalued Homes in Communities of Color

For much of America's history, communities of color were systematically excluded from economic opportunities through explicit policy decisions.[4] In particular, the New Deal's federal Home Owners Loan Corporation ("HOLC") developed one of the most harmful policy decisions in the housing and financial services markets by creating a system that included race as a fundamental factor in determining the desirability and value of neighborhoods.[5] This system included Residential Security Survey forms that explicitly captured the percentage of "Negro" populations and other racial groups living in an area and then utilized that race-based data to grade the neighborhood. The HOLC's policies and procedures helped systematize redlining as well as the unfounded association between race and risk in U.S. housing and financial services markets.

The HOLC appraisal system also included the creation of appraisal maps that were color-coded to evaluate, grade, and indicate the desirability of neighborhoods. Communities of color – and even neighborhoods with small numbers of Black residents – were coded as "hazardous" and signified by red shading on the map and were assigned a lower value. Moreover, areas that were adjacent to communities with Black residents could be downgraded simply based on their proximity to a community of color.

Notably, the data used to create the maps was not just collected randomly, but was based on the opinions of the leading real estate professionals at the time, including appraisers. Later, the Federal Housing Administration adopted these maps and race-based policies as the basis for its mortgage insurance underwriting decisions. Thus, the maps not only reflected the race-conscious views of the nation's housing industry leaders at the time, but were also used to amplify and codify these views throughout the housing system.

A collaboration of academics has produced an interactive online tool known as "Mapping Inequality," which documents how real estate professionals, including appraisers, and the HOLC used their racially-biased views to determine the economic value of a community on the basis of race.[6] Below are examples of the tool and an archived HOLC map of Baltimore.

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[4] *See* Lisa Rice, *The Fair Housing Act: A Tool for Expanding Access to Quality Credit,* The Fight for Fair Housing: Causes, Consequences, and Future Implications of the 1968 Federal Fair Housing Act (Gregory Squires, 1st ed. 2017) (providing a detailed explanation of how federal race-based housing and credit policies promoted inequality).

[5] The Home Owners' Loan Act of 1933 established the HOLC as an emergency agency under the Federal Home Loan Bank Board. 12 U.S.C. § 1461 *et seq.*

[6] *See* University of Richmond, Virginia Tech, University of Maryland, and Johns Hopkins University, *Mapping Inequality* (documenting the maps and area descriptions created by the HOLC between 1935 and 1940), https://dsl.richmond.edu/panorama/redlining/#loc=3/41.245/-105.469&text=intro.

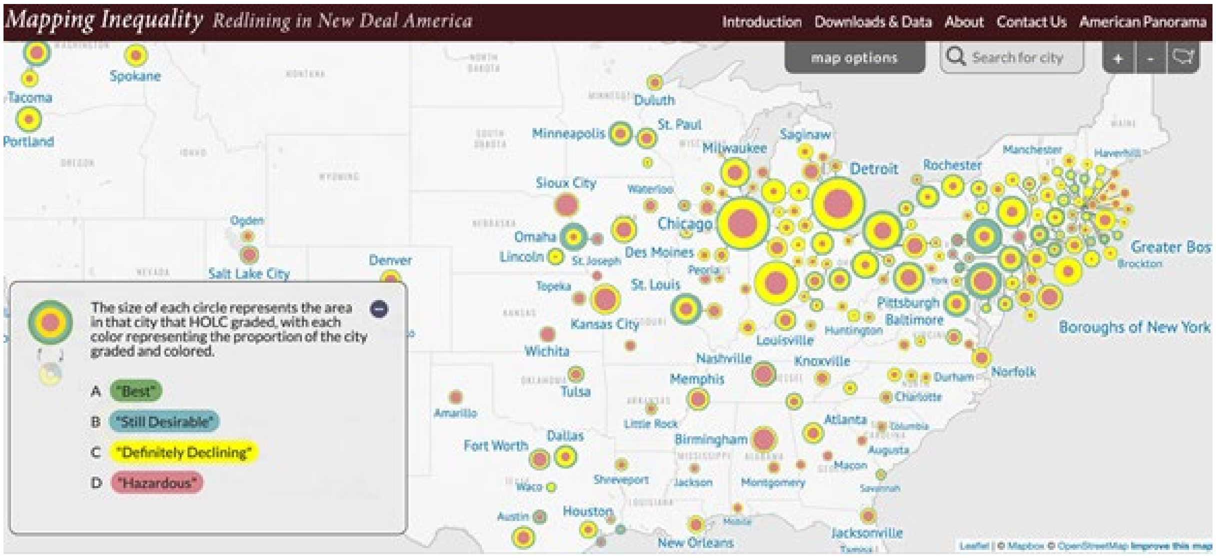

Figure 1. Source: Mapping Inequality

This is one of the initial pages of the "Mapping Inequality" tool. The graphic at the left shows the HOLC map legend where red signifies a community that was deemed "Hazardous."

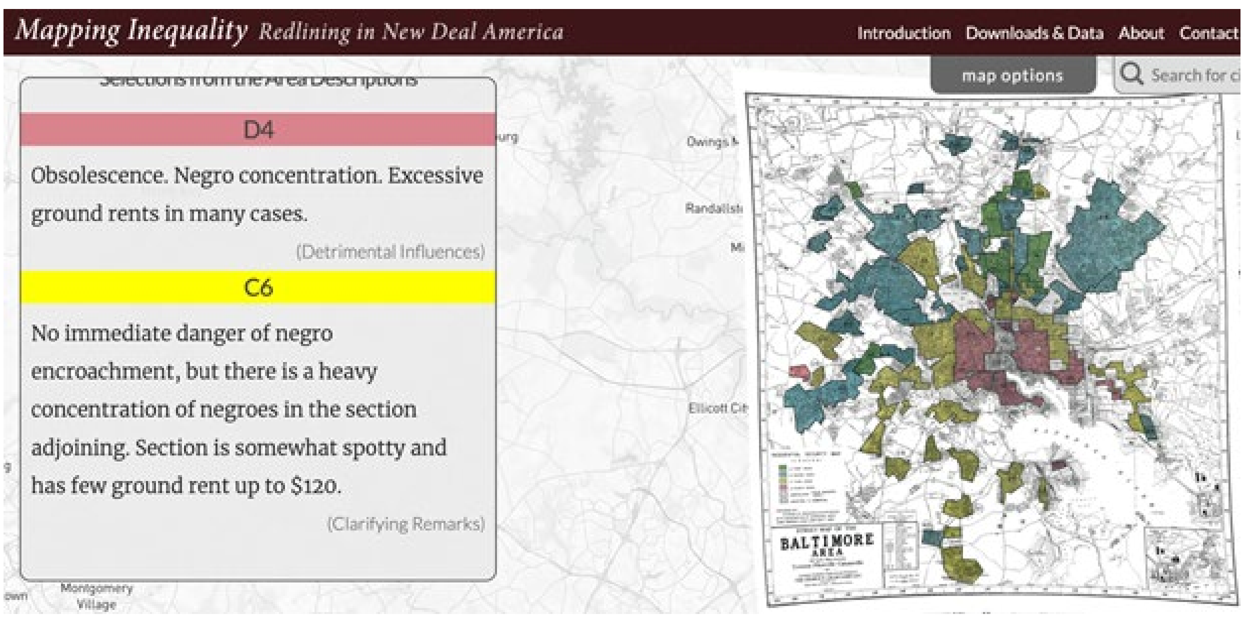

Figure 2. Source: Mapping Inequality

This is the HOLC's map of Baltimore, which color-coded the communities of color as red and "hazardous" based in part on "Negro concentration."

Appraisal Principles and Practices Perpetuated an Unfounded Association Between Race and Risk

In addition to the mapping system, explicitly discriminatory principles and practices perpetuated an unfounded association between race and risk in the nation's housing and financial markets. These practices also promoted the idea a home should be valued based on its neighborhood and that a homogenous, all-White neighborhood held the highest value. Following are excerpts from a few appraisal texts and manuals (emphasis added).

- 1932: Valuation of Real Estate –
  "There is one difference in people, namely **race,** which can result in very rapid decline [in real estate values].
- 1935: American Institute of Real Estate Appraisers Manual, Real Estate Appraisal –
  "To have the attributes of a good residential area, it is essential that protection be afforded against the **infiltration of inharmonious racial groups….**"

- 1938: Federal Housing Administration Underwriting Manual –
  "Areas surrounding a location are investigated to determine whether **incompatible racial and social groups** are present, for the purpose of making a prediction regarding the probability of the locations being **invaded** by such groups. If a neighborhood is to retain stability, **it is necessary that properties continue to be occupied by the same social and racial classes**. A change in social or racial occupancy generally contributes to instability and a **decline in values**."

- 1946: McMichael's Appraising Manual, Third Edition –
  "Those nationalities and races having the most favorable influence [in Chicago] come first in the list and those exerting detrimental effects come last:

    1. English, Germans, Scotch, Irish, Scandinavians.
    2. North Italians.
    3. Bohemians or Czechs.
    4. Poles.
    5. Lithuanians.
    6. Greeks.
    7. Russian, Jews (lower class)
    8. South Italians.
    9. Negroes.
    10. Mexicans."

- 1967: American Institute of Real Estate Appraisers Textbook, The Appraisal of Real Estate –
  "The causes of racial and ethnic conflicts are not the appraiser's responsibility. However, he must recognize the fact that **values change when people who are different from those presently occupying an area advance into and infiltrate a neighborhood."**

Notably, although the Fair Housing Act had passed in 1968, the explicitly discriminatory appraisal guidance continued:

- 1973: American Institute of Real Estate Appraisers Course Material – "**Ethnological information also is significant** to real estate analysis. As a general rule, homogeneity of the population contributes to stability of real estate values. Information on **the percentage of** native-born whites, foreign whites, and **non-white population is important,** and the changes in this composition have a significance…. As a general rule, minority groups are found at the bottom of the socio-economic ladder, and problems associated with **minority group segments of the population can hinder community growth."**

In 1976, after decades of these explicitly discriminatory principles and practices, the U.S. Department of Justice ("DOJ") filed suit against the American Institute of Real Estate Appraisers and three other defendants for alleged violations of the Fair Housing Act.[7] The DOJ alleged that the four defendants had engaged in unlawful discriminatory practices by promulgating standards and offering educational materials which had caused appraisers and lenders to treat race and national origin as negative factors in determining the value of dwellings and in evaluating the soundness of home loans, and by failing to take adequate steps to correct the continuing effect of past discrimination and ensure non-discrimination by appraisers and lenders whose practices were subject to the influence or authority of the four organizations. The parties eventually entered into a settlement agreement in which the American Institute of Real Estate Appraisers agreed to adopt the following policy statements:

1) It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic, or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.

2) Racial, religious, or ethnic factors are deemed unreliable predictors of value trends or price variance.

3) It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex, or national origin or upon unsupported presumptions relating to the effective age or remaining life of the property being appraised or the life expectancy of the neighborhood in which it is located.

In sum, these historical maps and policies resulted in homes in neighborhoods with similar amenities being systematically undervalued primarily on the basis of race and national origin. This approach led to the modern-day term "redlining," which refers to restricting access to credit in communities of color. Discriminatory valuation systems and policies developed by the HOLC, the Federal Housing Administration, the American Institute of Real Estate Appraisers, and other entities also helped create, entrench, and perpetuate residential segregation. Real estate professionals used the redlining maps to racially steer people of color into red-coded or "hazardous" areas and to establish racially restrictive covenants to keep areas racially homogenous. Unfortunately, racial disparities in homeownership, wealth, health, education, and

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[7] *United States v. American Institute of Real Estate Appraisers*, 442 F. Supp. 1072 (N.D. Ill. 1977).

other key factors of success continue to follow the harmful redlining patterns set forth in these historical maps, policies, and practices.

Discrimination in Appraisals Continues on an Individual and Systemic Basis

Discrimination in Appraisals Continues on an Individual Basis

Unfortunately, the appraisal system continues to suffer from bias on an individual and systemic basis. Recent news stories have highlighted anecdotal evidence on an individual basis:

- California. A Black couple in Marin City, California seeking to refinance received an initial appraisal of $995,000. Suspecting that the valuation of their home was unjustifiably low, they asked a White friend to pose as the homeowner and then received an appraisal of $1,482,500, which was almost $500,000 more than the appraisal conducted just weeks earlier. The homeowner said, "There are implications to our ability to create generational wealth or passing things on if our houses appraise for 50 percent less than its value."[8]

- Colorado. A mixed-race couple in Denver, Colorado scheduled an appraisal in connection with a home equity loan. When the Black husband greeted the appraiser, the home was valued at $405,000 based on comparison to homes selected by the appraiser in a Black neighborhood in a different location. When the White wife greeted the second appraiser, the home was valued at $550,000, which was an increase of $145,000. The wife stated, "Race obviously played a role in how we were treated. But what's deflating is that this experience put a dollar figure on it."[9]

- Connecticut. After receiving an initial appraisal of $340,000, a Black family in Bloomfield, Connecticut removed all family photos and asked a White neighbor to pose as the homeowner. This time, the home appraised for just over $400,000. The homeowner stated, "[T]his kind of experience not only robs you of the ability to refinance, but also affects opportunities at building generational wealth."[10]

- Indiana. After receiving an initial appraisal of $110,000, a Black woman in Indianapolis, Indiana removed all family photos, Black art and books; declined to identify her race on the refinancing application; communicated with the appraiser by email only; and asked a

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[8]Fair Housing Advocates of Northern California, *Discrimination Lawsuits Filed Alleging Discrimination in Home Appraisal Process*, Press Release (Dec. 2, 2021), https://www.fairhousingnorcal.org/uploads/1/7/0/5/17051262/press_release_-_austin_case.final.pdf. Julian Glover, *Black California Couple Lowballed by $500K in Home Appraisal, Believe Race Was a Factor,* ABC7News (Feb. 12, 2021), https://abc7news.com/black-homeowner-problems-sf-bay-area-housing-discrimination-minority-homeownership-anti-black-policy/10331076/.

[9] Troy McMullen, *For Black Homeowners, A Common Conundrum with Appraisers,* Washington Post (Jan. 21, 2021), https://www.washingtonpost.com/realestate/for-black-homeowners-a-common-conundrum-with-appraisals/2021/01/20/80fbfb50-543c-11eb-a817-e5e7f8a406d6_story.html.

[10] *Id.*

White friend to pose as her brother and meet the appraiser.[11] This time, the home appraised for $259,000. Upon seeing that amount, the homeowner was first overcome with joy. But then the hurt set in of how she had had to erase herself from her home in order to get a value that was fair and accurate.

- Florida. After receiving an initial appraisal of $330,000, a mixed-race couple in Jacksonville, Florida removed all photos of the Black wife and her side of the family, books by Black authors, and holiday cards from Black friends. When the White husband greeted the second appraiser, the home appraised at $465,000, which was an increase of more than 40 percent. After posting the story on Facebook, the homeowners received over 2,000 comments, many of which were from Black homeowners saying that they had a similar experience. The wife stated, "[I]n the Black community, it's just common knowledge that you take your pictures down when you're selling your house."[12]

Discrimination in Appraisals Exists on a Systemic Basis

While the individual stories of discrimination in appraisals are alarming, the analyses of systemic bias are even more stunning and disturbing. Recent studies contain the following findings:

- Freddie Mac. In a groundbreaking study, researchers at Freddie Mac analyzed millions of appraisals submitted for purchase transactions and found unexplained racial disparities in the percentage of properties that received an appraisal value lower than the contract price (the "appraisal gap").[13] More specifically, the research showed that:
  - *For Black/Latino neighborhoods*. An appraisal gap is more likely to occur in Black or Latino census tracts than White census tracts.
    - For example, Freddie Mac's researchers reported that 12.5% of the properties in Black census tracts received an appraisal value lower than the contract price, as compared to 7.4% of the properties in White census tracts. Thus, there was an "appraisal gap" of 5.2% – meaning that homes in majority Black census tracts were much more likely to be appraised at less than the contract price.
    - As the concentration of Black or Latino individuals in a census tract increased, there was a corresponding increase in the appraisal gap.
    - The results held at the national level and at the Metropolitan Statistical Area level (which suggests that the results are pervasive and not limited to one geographic area).
    - The results held even after controlling for structural and neighborhood characteristics.

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[11] Fair Housing Center of Central Indiana ("FHCCI"), *FHCCI Announces HUD Complaints Alleging Discrimination in Home Appraisals*, Press Release (May 4, 2021), https://www.fhcci.org/wp-content/uploads/2021/05/5-4-21-HUD-Appraisal-Filings-Revised.pdf.

[12] Debra Kamin, *Black Homeowners Face Discrimination in Appraisals,* The New York Times (Aug. 25, 2020), https://www.nytimes.com/2020/08/25/realestate/blacks-minorities-appraisals-discrimination.html.

[13] Melissa Narragon, et al., *Racial and Ethnic Valuation Gaps in Home Purchase Appraisals*, Freddie Mac Economic and Housing Research Note (Sept. 2021) ("Freddie Mac Research Note"), http://www.freddiemac.com/fmac-resources/research/pdf/202109-Note-Appraisal-Gap.pdf.

- *For Black/Latino individuals*. Similarly, an appraisal gap is more likely to occur for Black or Latino mortgage applicants than White mortgage applicants, regardless of the neighborhood where the property is located.
- *Across appraisers*. The majority of appraisers reviewed showed an appraisal gap. (That is, the issue was not limited to just "a few bad apples," but rather the majority of appraisers reviewed were more likely to show an appraisal gap for properties in Black or Latino census tracts than for properties in White census tracts.)

- Federal Housing Finance Agency ("FHFA"). FHFA recently analyzed appraisal reports and found that thousands of the reports contained potential race-related flags in the "Neighborhood Description" and other free-form text fields.[14] FHFA advised that "[i]nstitutions and other market participants should be aware that the discretionary nature of the free-form commentary is a key risk factor that requires appropriate risk mitigation." FHFA further noted that "[t]he racial and ethnic composition of the neighborhood should never be a factor that influences the value of a family's home. [FHFA's] observation of appraisals suggests that racial and ethnic compositions of a neighborhood are still sometimes included in commentary, clearly indicating the writer thought it was important to establishing value." Some examples that FHFA found in its analysis include:
  - The languages spoken in an area: "The most common language spoken is English. Other important languages spoken here include Italian and Spanish."
  - Amenities specifically geared to a race, ethnic, or religious group: a "commercial strip featuring storefronts supplying Jewish Households."
  - A town was described as having a "Black race population above state average."
  - Noting that "Koreatown is considered 'highly diverse' ethnically," listing the percentages of residents from various races and nationalities and describing that the number of foreign-born persons was "considered high compared to the city as a whole."
  - The ethnic groups that have immigrated to a neighborhood over the course of many years and noted it was "one spicy neighborhood."
  - A reference to a neighborhood being originally "White-Only," before becoming a "White-Flight Red-Zone" to explain why the neighborhood is mostly "Working-Class Black" now.
  - A neighborhood described as "predominately Hispanic" and that the residents have "assimilated their culture heritage" into the neighborhood.
  - Noting that "there is more Asian influence of late" buying the market.
  - Noting an area's "decline in population, which transitioned from being predominately Eastern European to having a substantial amount of Black and Hispanic people."
  - An area that was "'not especially-diverse' ethnically, with a high percentage of white people."
  - A property being in a "homogenous neighborhood with good schools."

- The Brookings Institution. A 2018 Brookings Institution study of 2016 American Community Survey homeowner estimates and 2012-2016 Zillow data found that homes in majority Black neighborhoods had values that were 23 percent less than properties in

[14] FHFA, *Reducing Valuation Bias by Addressing Appraiser and Property Valuation Commentary*, FHFA Insights Blog (Dec. 14, 2021), https://www.fhfa.gov/Media/Blog/Pages/Reducing-Valuation-Bias-by-Addressing-Appraiser-and-Property-Valuation-Commentary.aspx.

mostly White neighborhoods, even after controlling for home features and neighborhood amenities.[15] That is, differences in home and neighborhood quality could not fully explain the devaluation of homes in Black neighborhoods, raising questions about whether discrimination was the determining factor. The study estimated that homes in majority-Black neighborhoods were undervalued by $48,000 per home on average, leading to a $156 billion cumulative loss in value nationwide. One of the study's authors summarized, "We still see Black people as risky."

- This study was recently updated to address concerns raised[16] about model selection and potential omitted variables that could explain the disparity. Researchers found that even after controlling for additional variables, a statistically significant unexplained disparity remained.[17] Thus, the study continues to raise questions about whether discrimination was the determining factor.

- Howell/Korver-Glenn. A 2020 study of American Community Survey homeowners' estimates from 1980 to 2015 found that neighborhood racial composition was an even stronger determinant of a home's value in 2015 than it was in 1980.[18] Researchers Dr. Junia Howell and Dr. Elizabeth Korver-Glenn found that the value gap had in fact doubled since 1980.[19] The researchers suggested that this was primarily because the sales comparison approach predominantly utilized by appraisers results in historically undervalued properties continuing to determine current values. The study stated, "Since no steps were taken to rectify the historic inequities, this approach has enabled such inequalities to persist."

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[15] Andre M. Perry, Jonathan Rothwell, and David Harshbarger, *The Devaluation of Assets in Black Neighborhoods*, The Brookings Institution Metropolitan Policy Program (Nov. 2018), https://www.brookings.edu/wp-content/uploads/2018/11/2018.11_Brookings-Metro_Devaluation-Assets-Black-Neighborhoods_final.pdf. https://www.brookings.edu/research/biased-appraisals-and-the-devaluation-of-housing-in-black-neighborhoods/?utm_campaign=Brookings%20Brief&utm_medium=email&utm_content=184613964&utm_source=hs_email; *See also* Junia Howell and Elizabeth Korver-Glen, *Neighborhoods, Race, and the Twenty-first Century Housing Appraisal Industry,* 4 Sociology of Race and Ethnicity 473 (2018), https://journals.sagepub.com/doi/abs/10.1177/2332649218755178?journalCode=srea (finding substantial differences in home values in communities of color even after controlling for home features, neighborhood amenities, socioeconomic status and consumer demand).

[16] *See, e.g.,* Edward J. Pinto and Tobias Peter, *Special Briefing on the Impact of Race and Socio-Economic Status on the Valuation of Homes by Neighborhood*, American Enterprise Institute (Aug. 5, 2021), https://www.aei.org/economics/special-briefing-the-impact-of-race-and-socio-economic-status-on-the-value-of-homes-by-neighborhood/.

[17] Jonathan Rothwell and Andre M. Perry, *Biased Appraisals and The Devaluation of Housing in Black Neighborhoods*, The Brookings Institution Metropolitan Policy Program (Nov. 17, 2021), https://www.brookings.edu/research/biased-appraisals-and-the-devaluation-of-housing-in-black-neighborhoods/?utm_campaign=Brookings%20Brief&utm_medium=email&utm_content=184613964&utm_source=hs_email.

[18] Junia Howell and Elizabeth Korver-Glenn, *The Increasing Effect of Neighborhood Racial Composition on Housing Values, 1980-2015,* Social Problems (2020), https://academic.oup.com/socpro/advance-article-abstract/doi/10.1093/socpro/spaa033/5900507?redirectedFrom=fulltexthttps://journals.sagepub.com/doi/abs/10.1177/2332649218755178?journalCode=srea.

[19] Brentin Mock, *Decades after Housing Reform, Race Has Become an Even Greater Determinant of Home Appraisal in Black and Latino Neighborhoods, New Research Finds,* Bloomberg CityLab (Sept. 21, 2020), https://www.bloomberg.com/news/articles/2020-09-21/race-gap-in-home-appraisals-has-doubled-since-1980.

As Currently Structured, the Sales Comparison Approach Can Perpetuate the Unfounded Association between Race and Risk

As currently structured, the sales comparison approach to valuation predominantly used by appraisers for single family residential valuation is a highly subjective process that gives the appraiser broad discretion to determine a home's value and opens the door for implicit or explicit discrimination. Essentially, the primary role of appraisals in the mortgage loan process is to provide evidence that the collateral value of the property is sufficient to avoid losses for the lender if the borrower is unable to repay the loan.[20] While there are several possible methods of valuation, the GSEs generally require the use of the sales comparison approach.

On its face, the sales comparison approach is not necessarily discriminatory. According to the Fannie Mae Single Family Selling Guide: "The sales comparison approach to value is an analysis of comparable sales, contract sales, and listings of properties that are the most comparable to the subject property."[21] However, the GSEs give appraisers broad discretion to determine each aspect of the appraisal, including the selection of comparable homes, and also emphasize the connection between the home's value and the neighborhood. Both discretion and geography-based decisioning have long been viewed as key fair lending risk factors.[22] The Fannie Mae Single Family Selling Guide states: "The appraiser is responsible for determining which comparables are the best and most appropriate for the assignment… Comparable sales from within the same neighborhood (including subdivision or project) as the subject property should be used when possible."[23] Again, on its face, this is a race-neutral approach, but it must be understood in the context of historical discrimination.

From the very beginning, the nation's housing finance market inextricably linked the sales comparison approach to the unfounded association between race and risk. In the 1930's, the sales comparison approach was first officially adopted by the HOLC and Federal Housing Administration, which, as described above, also adopted a valuation method explicitly equating race with risk.[24] In particular, the Federal Housing Administration Underwriting Manual instructed appraisers to focus on the homogeneity of neighborhoods, with the presumption that the highest value would be assigned to all-White neighborhoods. For example, the manual instructed appraisers that "[a]reas surrounding a location are investigated to determine whether **incompatible racial and social groups** are present, for the purpose of making a prediction regarding the probability of the locations being **invaded** by such groups."[25] (emphasis added)

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[20] *See* General Accounting Office ("GAO"), *Regulatory Programs: Opportunities to Enhance Oversight of the Real Estate Appraisal Industry*, GAO-03-404, at 6 (May 2003), https://www.gao.gov/assets/gao-03-404.pdf.
[21] Fannie Mae Single Family Selling Guide, *Sales Comparison Approach Section of the Appraisal Report*, B4-1.3-07 (April 15, 2014), https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B4-Underwriting-Property/Chapter-B4-1-Appraisal-Requirements/Section-B4-1-3-Appraisal-Report-Assessment/1032992461/B4-1-3-07-Sales-Comparison-Approach-Section-of-the-Appraisal-Report-04-15-2014.htm.
[22] *See, e.g.*, FFIEC, *Interagency Fair Lending Examination Procedures* (2009), https://www.ffiec.gov/PDF/fairlend.pdf.
[23] *See id* at *Comparable Sales*, B4-1.3-08 (Oct 2, 2018).
[24] *See* Elizabeth Korver-Glenn, *Race Brokers: Housing Markets and Segregation in 21st Century Urban America* at 117 (2021).
[25] FHA, *Underwriting Manual* (1938) (emphasis added).

As described above, even after passage of the Fair Housing Act in 1968, the American Institute of Real Estate Appraisers continued this race-based approach well into the 1970s until the DOJ reached a settlement requiring a non-racialized approach to valuation.

Although guidance on the sales comparison approach no longer contains explicit race-based references, the historical undervaluation of communities of color as well as the broad discretion leaves open the opportunity for appraisers to perpetuate bias on a passive or active basis. That is, appraisers may passively or unwittingly perpetuate bias by continuing to use the undervalued comparable sales in neighborhoods of color. The undervaluation began in the 1930s and was never rectified. Under the current structure of the sales comparison approach, appraisers are instructed to limit the comparable sales to homes within the same undervalued neighborhood of color, even if there are similar homes with higher values in comparable White neighborhoods. Thus, appraisers must rely on biased data, which further perpetuates the bias.

In some instances, appraisers may be more active participants in perpetuating discrimination. For example, the Freddie Mac Research Note showed that the majority of the appraisers in the sample were more likely to determine that the appraisal value was lower than the contract price in majority Black or Latino census tracts than in majority White census tracts.[26] In other words, even when a buyer and seller agreed upon a value in an arms-length transaction, the appraiser was less likely to support and validate that value in neighborhoods of color than in White neighborhoods. This raises the question of whether these appraisers were actively distorting the market and further depressing the value of homes that were already undervalued because they were located in historically-redlined neighborhoods of color. That is, it may be difficult to rely on arms-length market forces to increase the values of the homes in these neighborhoods of color to match the value of homes in comparable White neighborhoods, because some appraisers are actively distorting the market and keeping the values lower based on unfounded associations between race and risk.

The qualitative research conducted by Dr. Elizabeth Korver-Glenn also raises concerns about the extent to which appraisers may be active participants in a race-based market distortion using the sales comparison approach. In the recent book *Race Brokers,* Dr. Korver-Glenn details the results of interviews with appraisers, including appraisers of color, regarding the steps they use to value a home based on their interpretation of the sales comparison approach.[27] Many of the appraisers in the study "assumed that White buyers were the standard for determining an area's desirability, with White areas meeting this standard and receiving the highest values and non-White areas falling below the standard."[28] Following is a sample of the feedback from some of the appraisers in the study:

- Allan, a White appraiser, assumed that neighborhoods of color were low-income and poorly maintained, stating: "It's kind of generalizing, but it seems to me that neighborhoods where I go to [appraise] where there are pockets where they're very

[26] Melissa Narragon, et al., *Racial and Ethnic Valuation Gaps in Home Purchase Appraisals*, Freddie Mac Economic and Housing Research Note (Sept. 2021) ("Freddie Mac Research Note"), http://www.freddiemac.com/fmac-resources/research/pdf/202109-Note-Appraisal-Gap.pdf.
[27] Elizabeth Korver-Glenn, "Appraising Value," *Race Brokers: Housing Markets and Segregation in 21st Century Urban America*, at 116-143 (2021).
[28] *Id.* at 141.

strictly one ethnicity – it just seems like they're generally lower priced, and overall the properties aren't as well kept."[29]

- Allan also assumed that values would rise as a neighborhood became more homogenous and Whiter, stating: "And then up here [north of Montrose] it's getting better because of all the Mexican people moving out...."[30]
- Larry, a White appraiser, stated that an "influx of minorities" to a neighborhood would be perceived by White homeowners as having a "negative impact," which would cause White homeowners to leave, which would lower home values.[31]
- Carl, a White appraiser, explained how he thought a White prospective homeowner would react to a home being sold by a Black homeowner: "I did [appraise] a house one time over in Riverstone. And you walked inside and it was purple, it was Black. I guess he was very ethnic to his race. I thought when I walked in – because [the homeowner wasn't] home – but I thought right away when I walked in, this is a Black guy. I think people want to be near their own kind. And I feel 100 percent about that. And I think it's factual when you look at the racial makeup of neighborhoods."[32]

It seemed that the appraisers in this study did not necessarily feel that they were injecting their own biases into the valuation, but that they felt that, under the sales comparison approach, their valuation should reflect the market's biased perception of certain neighborhoods, based on that neighborhood's dominant race or ethnicity.

Dr. Korver-Glenn's research also raises questions about the limits of the usefulness of increasing diversity in the appraisal profession as a way to minimize bias. One Latino appraiser in her study seemed to fully subscribe to the notion that buyers make their decisions based on their racial identities and, under the sales comparison approach, the market value of a home should follow accordingly. This Latino appraiser stated:

- "I think that ethnicity has something to do with [where a person buys a home]. So a person who's buying for that market group is buying in [the majority Latino] Second Ward, they probably aren't going to go to [the majority Black] Fifth Ward and buy a house. Ultimately, I think what's important to look at is your quality of buyer."[33]
- "If I didn't buy this house in [the majority Black] Fifth Ward today, what else am I going to buy? Well, so, the demographics are going to dictate that I'm probably going to go to [the majority Black] Kashmere Gardens.... But am I going to go to [the majority Latino] Second Ward? The demographics are completely different, and I don't think that they directly compete because of that."[34]

Thus, although the appraisal profession would benefit from greater diversity, such diversity should not be viewed as a silver bullet that will solve the problem of biased valuations. With little guidance and unfettered discretion, even appraisers of color may believe that the sales comparison approach requires incorporating the market's perceived racial bias into the valuation.

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[29] *Id.* at 126.
[30] *Id.* at 131.
[31] *Id.* at 128.
[32] *Id.* at 129.
[33] *Id.* at 129.
[34] *Id.* at 137.

Recent appraisal bias cases, as well as expert research, also suggest that appraisers may be using their discretion to establish neighborhood boundaries and, in this way, arbitrarily restricting which comparables are used to establish a property's value. The above statements reflected in Dr. Korver-Glenn's research clearly illustrate that some appraisers link the demographics of an area with neighborhood boundaries. The high levels of segregation in many communities likely contribute to perceptions about neighborhood boundaries. But those boundaries are not objective and fixed, and, in some instances, can be changed when the homeowner's race changes. Such was the case with Carlette Duffy, a Black homeowner who asked a White friend to stand in for her when a third appraisal was performed on her home. The price of her home doubled with the third appraisal when comparables closer to her home were used to evaluate her property because the homeowner was perceived to be White.[35]

In sum, as these individual stories and systemic analyses show, discrimination persists in the appraisal system, which unfairly limits the ability of many borrowers and communities of color to receive a fair valuation of their biggest financial asset and to build wealth and opportunities. Moreover, while many appraisers determine a home's value in a fair and unbiased manner, without rectifying previous historical undervaluation, controlling for discretion, and conducting robust compliance oversight, the opportunity remains for the appraiser to perpetuate discrimination in an active or passive manner. Given the continued bias, the appraisal industry would benefit from a comprehensive review of the current structure, approach, policies, forms, and practices.

Appraisal Discrimination Is One of the Key Drivers of Today's Wealth Gap

These discriminatory policies have created distinct advantages for White families, leading to massive homeownership, wealth, and credit gaps that persist today. In particular, because home value has been the cornerstone of intergenerational wealth in the United States, the historical appraisal practices have had long-term effects in creating some of the current wealth inequalities where White wealth has soared while Black wealth has remained stagnant. In 2019, White family wealth sat at $188,200 (median) and $983,400 (mean).[36] In contrast, Black families' median and mean net worth were $24,100 and $142,500, respectively.[37] These wealth disparities, in turn, reflect intergenerational transfer disparities: 29.9 percent of White families have received an inheritance, compared with only 10.1 percent of Black families.[38]

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[35] *See*, *Black Homeowner's Appraisal Doubled After White Friend Stood in for Her*, CNN (May 19, 2021), https://www.cnn.com/videos/business/2021/05/19/black-woman-says-home-appraisal-increased-after-white-friend-stood-in-for-her-carlette-duffy-newday-vpx.cnn.

[36] Neil Bhutta, Jesse Bricker, Andrew Chang, et al., *Changes in U.S. family Finances from 2016 to 2019: Evidence from the Survey of Consumer Finances,* 106(5) Fed. Res. Bulletin (Sept. 2020), https://www.federalreserve.gov/publications/files/scf20.pdf.

[37] *Id.*

[38] Neil Bhutta, et al., *Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances,* FEDS Notes, Board of Governors of the Federal Reserve System (Sept. 2020), https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm.

In addition to the wealth gap, undervalued home appraisals can have other significant consequences. Inaccurate appraisals can result in distortions in the loan-to-value ratio and in cancelled home sales contracts or refinancing offers. Finally, low appraisals can pose significant challenges for using home equity for advancement opportunities, such as payment for college tuition or security for small business loans. Accurate home valuations are critically important to the advancement and security of people and communities of color.

Appraisals Can Also Raise the Unique Challenge of Overvaluation

While the vast majority of recent instances of appraisal bias affecting communities of color has been comprised of an undervaluation of properties, there have also been cases of harmful, excessive, and abusive overvaluation of properties. That is, the discretion in the appraisal system can be used to overvalue homes, target people of color for predatory loans, and further rob communities of color of wealth. Specifically, many subprime loans were based on appraisals that were highly inflated resulting in homeowners being upside down in their mortgages. In many instances, the subprime home loan involved some collusion between loan originators and appraisers.[39] Even ten years after the Great Recession, six million homeowners still owed more on their mortgage loans than what their properties were valued.[40] This problem disproportionately impacted communities of color who were much more likely to receive subprime loans than their White counterparts[41] and were also more likely to receive subprime loans when they qualified for prime mortgages.[42]

The overvaluation of appraisals has a deleterious impact on consumers and communities because it is often tied to abusive and excessive fees and equity stripping. It serves to lock borrowers in unfair and often unsustainable loans, prohibits the ability of consumers to refinance into safer and more affordable products, limits people's ability to sell their homes, and often leads to other predatory practices.

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[39] *See, e.g.,* National Consumer Law Center and National Association of Consumer Advocates, Comment Letter to the Federal Reserve, *Interim Final Rule on Appraiser Independence Standards*, https://www.nclc.org/images/pdf/foreclosure_mortgage/predatory_mortgage_lending/comments-appraisal-independence.pdf.

[40] NPR, *A Decade Out from The Mortgage Crisis, Former Homeowners Still Grasp for Stability,* (May 22, 2016), https://www.npr.org/2016/05/22/479038232/a-decade-out-from-the-mortgage-crisis-former-homeowners-still-grasp-for-stabilit.

[41] Debbie Gruenstein Bocian, Keith Ernst, and Wei Li, *Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages,* Center for Responsible Lending (May 31, 2006), https://www.responsiblelending.org/mortgage-lending/research-analysis/rr011-Unfair_Lending-0506.pdf.

[42] *See, e.g.,* DOJ, *Justice Department Reaches $335 Million Settlement to Resolve Allegations of Lending Discrimination by Countrywide Financial Corporation* (Dec. 21, 2011), https://www.justice.gov/opa/pr/justice-department-reaches-335-million-settlement-resolve-allegations-lending-discrimination.

The Appraiser Workforce Suffers from a Lack of Diversity

A diverse workforce of appraisers and inspectors may help mitigate the fact that the current appraisal system undervalues homes for borrowers and communities of color. That is, appraisers from diverse communities may be better prepared to value the community appropriately. Unfortunately, the appraisal profession does not currently reflect the racial composition of the U.S. According to the U.S. Bureau of Labor Statistics, about 96.5% of property appraisers are White and about 70% are men.[43]

Increasing the diversity of the appraiser workforce is likely to lead to better outcomes for all,[44] as well as help solve the problem of appraiser shortages across the country.[45] A diverse workforce may be less susceptible to unconscious or intentional bias based on the race or ethnicity of the borrower or community, and may be better prepared to train others to spot such bias. Such a workforce may better understand value based on objective factors, such as housing features and neighborhood amenities, rather than preconceived or historical notions of value based on race. Moreover, research has shown that diverse teams are more innovative and productive[46] and that companies with more diversity are more profitable.[47] Finally, people with diverse backgrounds and experiences bring unique and important perspectives to understanding different segments of a market.[48]

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[43] *See* U.S. Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey*, (Jan. 22, 2021), https://www.bls.gov/cps/cpsaat11.htm. . *See also*, Cherelle L. Parker, Ira Goldstein, and Gregory D. Squires, *Home Appraisals Drive America's Racial Wealth Gap - 95% of Philly's Appraisers Are White*, PBS WHYY (Feb. 25, 2021), https://whyy.org/articles/home-appraisals-drive-americas-racial-wealth-gap-95-of-phillys-appraisers-are-white/.

[44] *See, e.g.,* Michael Neal and Peter J. Mattingly, *Increasing Diversity in the Appraisal Profession Combined with Short-Term Solutions Can Help Address Valuation Bias for Homeowners of Color*, Urban Institute (July 1, 2021), https://www.urban.org/urban-wire/increasing-diversity-appraisal-profession-combined-short-term-solutions-can-help-address-valuation-bias-homeowners-color.

[45] *See* Jeff Ostrowsky, *How Big Mortgage Lenders Hope to Clear the Appraisal Logjam*, Bankrate.com (Oct. 27, 2021), https://www.bankrate.com/mortgages/fannie-freddie-expand-desktop-appraisals/.

[46] *See, e.g.*, John Rampton, *Why You Need Diversity on Your Team and 8 Ways to Build It*, Entrepreneur (Sept. 6, 2019), https://www.entrepreneur.com/article/338663.

[47] *See, e.g.*, Patrick Kline, Evan Rose, and Christopher Walers, *Systemic Discrimination among Large U.S. Employers,* National Bureau of Economic Research (Aug. 2021), http://www.nber.org/papers/w29053 (finding that racially discriminatory hiring practices among firms are negatively correlated with firm profitability); David Rock and Heidi Grant, *Why Diverse Team Are Smarter*, Harvard Business Review (Nov. 4, 2016), https://hbr.org/2016/11/why-diverse-teams-are-smarter (reporting that companies in the top quartile for ethnic and racial diversity in management were 35% more likely to have financial returns above their industry mean, and those in the top quartile for gender diversity were 15% more likely to have returns above the industry mean); Cedric Herring, *Does Diversity Pay? Race, Gender, and the Business Case for Diversity*, American Sociological Review (2009), https://www.jstor.org/stable/27736058 (finding that among for-profit business organizations, racial diversity in the workforce is associated with positive performance indicators like increased sales revenue, greater market share, and greater relative profits).

[48] *See, e.g.*, Inioluwa Deborah Raji et al., *Closing the AI Accountability Gap: Defining an End-to-End Framework for Internal Algorithmic Auditing*, Conference on Fairness, Accountability, and Transparency 33, 39 (2020), https://dl.acm.org/doi/pdf/10.1145/3351095.3372873 (stressing the importance of "standpoint diversity" as algorithm development implicitly encodes developer assumptions of which they may not be aware).

B. Civil Rights Laws and Regulations Applicable to the Appraisal Industry

Federal and state civil rights laws prohibit home appraisal discrimination on the basis of race, color, religion, national origin, sex, disability, familial status, and other protected classes. For almost 30 years, courts have held that appraisal discrimination can violate federal and state civil rights laws.[49]

In the mid-1970s, the DOJ successfully challenged the use of appraisal standards and training materials that steered appraisers to lower values in racially mixed neighborhoods.[50] The resulting settlement agreement between the DOJ and the American Institute of Real Estate Appraisers called for the adoption of several policy statements, including one in repudiation of the so-called "principle of conformity," that notes: "it is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic, or religious homogeneity of the inhabitants of an area or a property is necessary for maximum value."[51]

Under existing civil rights laws, cases brought against appraisers, appraisal firms, and lenders have alleged discrimination based on the race and other protected characteristics of both individual borrowers and the neighborhoods where the appraised properties are located.

The Fair Housing Act and the HUD Regulation

The principal federal statute that prohibits appraisal discrimination is Title VIII of the Civil Rights Act of 1968 as amended by the Fair Housing Amendments Act of 1988 (the "Fair Housing Act"), which bars discrimination in home appraisals and other housing-related transactions on the basis of race, color, religion, national origin, sex, disability, and familial status (known as "prohibited bases," "protected classes," or "protected characteristics").[52]

- The Fair Housing Act makes it unlawful for "any person or other entity whose business includes engaging in residential real estate-related transactions to discriminate against any person in making available such a transaction or in the terms or conditions of such transaction" on the basis of any protected class under the statute.[53] The term "residential real estate-related transaction" is defined in the statute to include "the appraising of residential real property."[54]

- Courts have relied on other provisions of the Fair Housing Act to prohibit discrimination in the appraisal industry, including provisions associated with housing-related services that "otherwise make unavailable...a dwelling" or that discriminate in the "terms,

[49] *See, e.g.*, *Steptoe v. Savings of America*, 800 F. Supp. 1542 (N.D. Ohio 1992).
[50] *United States v. American Institute of Real Estate Appraisers*, 442 F. Supp. 1072 (N.D. Ill. 1977), appeal dismissed, 590 F.2d 242 (7th Cir. 1978). Additional information about the scope of this settlement is detailed above.
[51] *Id.* at 1077.
[52] 42 U.S.C. § 3601, *et seq.*
[53] *Id.* at § 3605(a).
[54] *Id.* at § 3605(b).

conditions, or privileges of sale or rental of a dwelling."[55] Courts have observed that "an appraisal sufficient to support a loan request is a necessary condition precedent to a lending institution making a home loan."[56] Because an appraisal is a critical service associated with securing a home loan, a discriminatory appraisal may lead to the denial of a home, thereby making housing "unavailable." Appraisals may be regarded as a service provided in connection with the sale of a home, such that discriminatory appraisal practices may result in unlawful differences in treatment.

- Implementing regulations under the Fair Housing Act, promulgated by HUD , broadly define the term "appraisal" to mean "an estimate or opinion of the value of a specified residential real property made in a business context in connection with the sale, rental, financing or refinancing of a dwelling or in connection with any activity that otherwise affects the availability of a residential real estate-related transaction, whether the appraisal is oral or written, or transmitted formally or informally. The appraisal includes all written comments and other documents submitted as support for the estimate or opinion of value."[57]

- According to these regulations, the Fair Housing Act squarely bars persons and entities engaged in appraising residential real property from discriminating against any person "in making available such services, or in the performance of such services, because of race, color, religion, sex, handicap, familial status, or national origin."[58] The regulation also states that prohibited practices include "[u]sing an appraisal of residential real property in connection with the sale, rental, or financing of any dwelling where the person knows or reasonably should know that the appraisal improperly takes into consideration race, color, religion, sex, handicap, familial status, or national origin."[59]

- This prohibition against discrimination as it expressly applies to appraisal services was added to the Fair Housing Act in 1988, essentially clarifying the existing scope of the Fair Housing Act as the courts had come to interpret its application in the appraisal industry.[60] The update also included a section titled "Appraisal Exemption," which notes that nothing in these mandates prohibits a person "engaged in the business of furnishing appraisals of real property to take into consideration factors other than race, color, religion, national origin, sex handicap, or familial status."[61]

The Equal Credit Opportunity Act and the CFPB's Regulation B

Appraisal-related services are necessary in the provision of housing-related credit services. Accordingly, a discriminatory appraisal that results in the denial of home financing may also violate the Equal Credit Opportunity Act of 1974 ("ECOA"), which prohibits creditors from

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[55] *Id.* at § 3604(a) and § 3604(b).
[56] *Steptoe v. Savings of America*, 800 F. Supp. 1542, 1546 (N.D. Ohio 1992).
[57] 24 C.F.R. § 100.135(b).
[58] 24 C.F.R. § 100.135(a).
[59] 24 C.F.R. § 100.135(d)(1).
[60] Robert Schwemm, *Housing Discrimination and the Appraisal Industry*, in Mortgage, Lending, Racial Discrimination, and Federal Policy (John Goering and Ron Wienk eds., 1996), https://www.fhcci.org/wp-content/uploads/2021/05/Schwemm-Housing-Discrimination-Appraisal-1996.pdf.
[61] 42 U.S.C. § 3605(c).

discriminating on the basis of race, color, religion, national origin, sex, marital status, age, and source of income (known as “prohibited bases,” “protected classes,” or “protected characteristics”).[62] In 2013, the Consumer Financial Protection Bureau (“CFPB”) amended Regulation B, which implements the ECOA, by requiring creditors to provide to applicants free copies of all appraisals and other written valuations developed in connection with an application for a loan to be secured by a first lien on a dwelling, and to notify applicants in writing that copies of appraisals will be provided to them promptly.[63] Notably, these provisions of ECOA and Regulation B only apply to the "creditor" and only if the appraisal was conducted in connection with the issuance of credit.

The Civil Rights Act of 1866

Racial discrimination in the appraisal of housing may also violate the Civil Rights Act of 1866.[64] Section 1981 of this law, among other things, guarantees to all persons within the jurisdiction of the United States the same right as White citizens to make and enforce contracts. Section 1982 of this law provides all citizens with the same right as is enjoyed by White citizens to purchase, lease, sell, hold, and convey real and personal property. The Civil Rights Act of 1866 generally applies only to intentional racial discrimination, but the Supreme Court has expanded the scope of the Act to include certain types of ethnic discrimination. In conjunction with the Fair Housing Act, this law has been used in the courts to challenge appraisal discrimination.

State Laws and Other Prohibited Bases

In addition to these federal laws, most states and many localities have statutes prohibiting discrimination in housing-related transactions, including home appraisals.[65] Moreover, compliance with federal and state fair housing laws requires understanding each prohibited basis. With respect to state law, while the theories of discrimination generally are the same, the prohibited bases may be broader. For example, the state of California prohibits discrimination in appraisals on the basis of gender expression and military status.[66] Similarly, while rare, the interpretation of a prohibited basis under federal law may evolve. For example, based on a recent Supreme Court holding in the employment context, the CFPB and HUD have recently interpreted the ECOA and the Fair Housing Act’s prohibition on discrimination on the basis of “sex” to include discrimination on the basis of sexual orientation and gender identity.[67]

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[62] 15 U.S.C. § 1619(a); *see e.g.*, *Cartwright v. American Savings & Loan Ass’n*, 880 F.2d 912, 925-27 (7th Cir. 1989).

[63] CFPB, *Disclosure and Delivery Requirements for Copies of Appraisals and Other Written Valuations Under the Equal Credit Opportunity Act (Regulation B)*, 78 Fed. Reg. 7215 (Jan. 31, 2013) (codified at 12 C.F.R. § 1002).

[64] 42 U.S.C. §§ 1981-1982; *See, e.g., Steptoe v. Savings of America*, supra, 800 F. Supp. at 1547.

[65] A recent survey of state fair housing laws is available here: http://lawatlas.org/datasets/state-fair-housing-protections-1498143743.

[66] Cal. Business and Professions Code § 11424(a).

[67] *See* CFPB, *Equal Credit Opportunity (Regulation B); Discrimination on the Bases of Sexual Orientation and Gender Identity, Interpretive Rule*, 86 Fed. Reg. 14363 (March 16, 2021), https://www.govinfo.gov/content/pkg/FR-2021-03-16/pdf/2021-05233.pdf; HUD, *Implementation of Executive Order 13988 on the Enforcement of the Fair Housing Act* (Feb. 11, 2021), https://www.hud.gov/sites/dfiles/PA/documents/HUD_Memo_EO13988.pdf.

Theories of Proof

Courts have relied on different theories of proof when assessing claims of discrimination under civil rights statutes. The primary means of establishing discriminatory conduct under the Fair Housing Act include disparate treatment (through either direct evidence or circumstantial evidence), or disparate impact.[68]

Disparate Treatment

Both the Fair Housing Act and the ECOA prohibit explicit intentional or differential discrimination, known as "disparate treatment discrimination." Although this form of discrimination is often referred to as "intentional discrimination," the law does not require proof that the lender or appraiser acted with malice, but that they acted in part on the basis of the alleged discriminatory reason rather than on some other, non-prohibited consideration.[69]

Direct Evidence: One means of establishing disparate treatment discrimination is through direct evidence. For example, disparate treatment discrimination may be established through evidence of instances where a home appraiser makes express discriminatory statements when performing appraisal services or utilizes policies that, in their terms, limit or otherwise restrict services to individuals or neighborhoods on the basis of a protected class.

- *Example*: A bank provides appraisers with written guidelines requiring the appraisers to assign a higher value to mobile home parks that are for childless adults than to mobile home parks that allow families. This policy would likely violate the Fair Housing Act's prohibition against discrimination on the basis of familial status.[70]

- *Example*: An appraiser indicates on an appraisal form that a deduction has been made with respect to the location of a property due to its close proximity to a group home for persons with disabilities. This policy would likely violate the Fair Housing Act's prohibition on discrimination on the basis of disability.

Circumstantial (or Comparative) Evidence: Absent direct discriminatory statements or policies, disparate treatment discrimination may be established through an analysis of relevant circumstantial (or comparative) evidence. One means of using circumstantial evidence to prove disparate treatment discrimination in home appraisals is by examining divergent activities from otherwise standard business practices, such as soliciting information from only some prospective borrowers on appropriate comparable sales on a prohibited basis.[71] An appraiser's seemingly race-neutral policy may be unequally applied, resulting in different treatment based on race or some other protected characteristics.

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[68] Based on legal precedent, the federal financial regulators have also based fair lending risk assessments on these theories of discrimination. *See* FFIEC, *Interagency Fair Lending Examination Procedures* (2009), https://www.ffiec.gov/pdf/fairlend.pdf.
[69] *See* 12 C.F.R. Part 1002, 4(a)-1: "Disparate treatment on a prohibited basis is illegal whether or not it results from a conscious intent to discriminate."
[70] *See* OCC, *Appeal of Potential Violations of the Fair Housing Act* (Second Quarter 1998), https://www.occ.gov/topics/supervision-and-examination/dispute-resolution/bank-appeals/summaries/files/appeal-potential-violation-fha-q2-1998.html.
[71] *See, e.g., Cartwright v. American Savings & Loan Ass'n*, supra, 880 F.2d at 912.

Some cases alleging disparate treatment discrimination hinge on a loan denial based on an undervaluation of a prospective borrower's home for purchase where the appraisal may have been based on racial considerations.[72] Cases involving these claims rely on testimony that the challenged appraisal was unjustifiably undervalued and improperly done. One court identified the elements of a *prima facie* case of appraisal discrimination involving the race of the neighborhood to include: (1) that the home in question is in a community of color; (2) that a loan application for the home was made; (3) that an independent appraisal determined that the home in question was equal to the sales price; (4) that the buyers were creditworthy; and (5) that the loan was denied.[73]

- *Example:* An appraisal management company allows appraisers the discretion to select the distance from the subject property from which the appraiser will select comparable homes. For refinancings, several appraisers who work mainly in majority White census tracts select comparable homes within a small radius of the subject property for White homeowners, but select comparable homes in majority Black census tracts that are a greater distance from the subject property for Black homeowners. This results in lower valuations for homes owned by Black homeowners. These actions would likely violate the Fair Housing Act's and the ECOA's prohibition on discrimination on the basis of race.[74]

- *Example:* An appraiser works in majority White census tracts and majority Latino census tracts. For home purchase transactions, the appraiser routinely determines a valuation that is at or above the contract price for homes in majority White census tracts, but routinely determines a valuation that is below the contract price for comparable homes in majority Latino census tracts. These actions would likely violate the Fair Housing Act's and the ECOA's prohibition on discrimination on the basis of national origin.[75]

- *Example*: A lender conducts a study of the appraisals from a certain appraisal management company with whom it regularly does business. After controlling for all of the home and neighborhood characteristics that the company uses to determine value, the lender finds that there is still an unexplained, statistically significant disparity between the home values in majority White census tracts and those in majority Black or Latino census tracts. These results provide evidence of a likely violation of the Fair Housing Act's and the ECOA's prohibition on discrimination on the basis of race and national origin.[76]

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[72] *See, e.g., Thomas v. First Federal Savings Bank of Indiana*, 653 F. Supp. 1330, 1339 (N.D. Ind. 1987); *Steptoe v. Savings of America*, 800 F. Supp. at 1542.
[73] *Id.* at 1546-47.
[74] *See, e.g., United States. V. Countrywide Financial Corp. et al.*, CV11-10540-PSG (C.D.Cal. Complaint filed Dec. 21, 2011) at Paragraph 48, https://www.justice.gov/sites/default/files/crt/legacy/2011/12/21/countrywidecomp.pdf. The settlement resolved allegations that, among other things, the lender "had knowledge that the subjective and unguided discretion that it granted to loan officers and other [lender] employees in its retail loan policies and practices was being exercised in a manner that discriminated against Hispanic and African-American borrowers, but continued to implement its policies and practices with that knowledge."
[75] *See id.* Under the Fair Housing Act and the ECOA, the term "national origin" includes discrimination on the basis of ethnicity, such as Latino individuals or neighborhoods.
[76] *See id.*

Disparate Impact

Under the "disparate impact" theory of discrimination, home appraisal services may be performed in a discriminatory manner if they employ neutral policies that have an unjustified discriminatory effect. In 2015, the U.S. Supreme Court upheld broad consensus among the circuit courts in its *Texas Department of Housing and Community Affairs v. Inclusive Communities Project* decision holding that disparate impact is a viable means for proving discrimination under the Fair Housing Act.[77] Disparate impact claims arise when there is a policy that is otherwise non-discriminatory on its face, but when put into practice has an unjustified discriminatory effect on the basis of a protected class. Disparate impact claims may be brought in conjunction with intentional discrimination claims but can occur absent any showing of intentional discrimination.

To establish a case of disparate impact liability in the appraisal context, a prospective borrower first must identify a specific policy or practice that has a discriminatory impact on the basis of race or some other prohibited basis.[78] Often, statistical evidence is used to show the discriminatory effect.[79] Second, the lender or appraiser must then defend the challenged policy by showing that it serves some legitimate, nondiscriminatory purpose. Finally, if a legitimate justification is identified, the prospective borrower may still establish a policy is unlawful if the borrower identifies a less discriminatory alternative for achieving the stated purpose.

- *Example*: An appraisal management company has a policy of not conducting any appraisals for homes valued at less than $100,000. Although this policy does not explicitly mention race or national origin, the loan amount threshold has a disproportionate adverse impact on borrowers of color and on borrowers in neighborhoods of color. Assuming the appraisal management company cannot provide a legitimate, non-discriminatory purpose for the policy (or that a plaintiff can provide a less discriminatory alternative to the policy), this policy likely would violate the Fair Housing Act's and the ECOA's prohibition on discrimination on the basis of race and national origin.[80]

[77] *Texas Dep't of Hous. & Cmty. Affairs v. Inclusive Cmtys. Project*, 135 S. Ct. 2507 (2015).
[78] HUD, *Implementation of the Fair Housing Act's Discriminatory Effects Standard*, 78 Fed. Reg. 11460 (Feb. 15, 2013) (codified at 24 C.F.R. § 100.500). *See also* HUD, *Proposed Rule: Reinstatement of HUD's Discriminatory Effects Standard,* 86 Fed. Reg. 33590 (June 25, 2021) ("HUD 2021 Disparate Impact Proposed Rule") (proposing to reinstate HUD's 2013 rule).
[79] *See, e.g., Hanson v. Veterans Administration*, 800 F.2d 1381, 1388-89 (5th Cir. 1986).
[80] *See, e.g.,* HUD, *Conciliation Agreement between National Community Reinvestment Coalition and SouthStar Funding LLC*, Sept. 25, 2006), https://archives.hud.gov/news/2006/pr06-120.cfm. The conciliation agreement resolved allegations that SouthStar Funding LLC discriminated against Blacks and Latinos by refusing to make loans on any row house valued at less than $100,000 and on all row houses in Baltimore.

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Increase in Appraisal Discrimination Enforcement

The limited set of published court decisions in cases alleging appraisal discrimination suggests that proving such claims may be difficult, often involving the use of statistical analysis and expert testimony. However, there has been a recent uptick in appraisal discrimination claims being filed with HUD and in court.[81]

- In March 2020, HUD approved a conciliation agreement between a Black woman and JPMorgan Chase Bank.[82] The complainant alleged that JPMorgan Chase discriminated on the basis of race in violation of the Fair Housing Act by relying on an appraisal that valued her home at an amount lower than its actual value because of her race. JPMorgan Chase agreed to revise its Reconsideration of Value ("ROV") process – the process followed when borrowers raise challenges concerning the accuracy of appraisals – to ensure that borrowers are appropriately informed of the ROV process as well as of their right and ability to raise concerns about discrimination in appraisals. The bank further agreed that its home lending advisors and client care specialists would receive training on fair lending issues related to appraisals and on the revised ROV process. As part of the conciliation agreement, JPMorgan Chase also agreed to pay the complainant $50,000.

This case involves a lender, which is a reminder that the general rule followed by the federal courts is that the duty not to discriminate is non-delegable.[83] Under the Fair Housing Act, a corporation and its officers can be responsible for the discriminatory acts of a subordinate employee even though those acts were neither directed nor authorized.[84] In addition, the Fair Housing Act imposes liability in accordance with traditional agency principles, so in limited circumstances, a lender may be liable for the wrongdoing of an appraiser, even if the appraiser is an independent contractor.

[81] *See e.g.*, Marilyn Odendahl, *HUD Complaints Allege Racial Bias in Indianapolis Home Appraisals*, The Indiana Lawyer (May 4, 2021), https://www.theindianalawyer.com/articles/hud-complaints-allege-racial-bias-in-indianapolis-home-appraisals; *see also*, Julian Glover, *HUD Investigates $439k Difference in Oakland Homeowner's Appraisals*, ABC-7 News (July 22, 2021), https://abc7news.com/home-appraisal-oakland-homeowner-too-low-discrimination/10902427/.
[82] HUD, *Conciliation Agreement between Complainant and JPMorgan Chase Bank, N.A.*, FHEO No. 05-21-0635-8 (HUD March 8, 2021), https://www.hud.gov/press/press_releases_media_advisories/hud_no_21_037.
[83] *See, e.g., Alexander v. Riga*, 208 F.3d 419, 433 (3rd Cir. 2000).
[84] *See, e.g., Saunders v. General Services*, 659 F. Supp. 1042, 1059 (E.D. Va. 1987).

Part II: Analysis and Recommendations

C. Questions about the Governance of the Appraisal Industry

Overview of the Appraisal Regulatory System

The governance of the appraisal industry is overseen by a complex interplay of federal, state, and private entities. This structure was largely developed in response to the savings and loan crisis of the 1980s, which among other things, resulted in Congress passing the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA").[85] Title XI of FIRREA set forth many aspects of the appraisal industry governance that are in effect today. Following is a description of each entity and its current role in the governance of the appraisal industry.

[85] 12 U.S.C. §§ 3331-3356 (as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), and the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018). In addition, the U.S. Department of Housing and Urban Development ("HUD") sets appraisal requirements for FHA loans, the Federal Housing Finance Agency ("FHFA") reviews Fannie Mae and Freddie Mac's appraisal requirements, and the Consumer Financial Protection Bureau ("CFPB") issues valuation independence rules.

Governance of the Appraisal Industry

ENTITY	TYPE AND DESCRIPTION	GOVERNANCE ROLE
Appraisal Subcommittee ("ASC")	• Federal government agency • The ASC's board consists of members of the Federal Financial Institutions Examination Council ("FFIEC") • Congress created the Appraisal Subcommittee in 1989 through FIRREA	• Monitor and review the practices of The Appraisal Foundation (no enforcement authority) • Supervise and enforce the states' compliance with Title XI of FIRREA • Monitor the requirements established by the federal financial institution regulatory agencies • Maintain a national registry of appraisers and appraisal management companies
The Appraisal Foundation ("TAF")	• Private entity • Established in 1987 as a non-profit organization under the laws of Illinois • Has three boards: ○ Board of Trustees ("BOT") ○ Appraisal Standards Board ("ASB") ○ Appraiser Qualifications Board ("AQB")	• The Board of Trustees is the governance body for The Appraisal Foundation. It provides funding and financial oversight for and appoints members to The Appraisal Standards Board and The Appraiser Qualifications Board • The Appraisal Standards Board promulgates the USPAP Standards, which are the minimum appraisal standards that must be adopted by the states • The Appraiser Qualifications Board promulgates the Appraiser Criteria, which are the minimum education, experience, and examination requirements that must be adopted by the states
Federal Financial Institution Regulatory Agencies	• Federal government agencies: Federal Deposit Insurance Corporation ("FDIC"); Federal Reserve Board; National Credit Union Administration ("NCUA"); Office of the Comptroller of the Currency ("OCC"); and formerly the Office of Thrift Supervision ("OTS," now defunct)	• Each agency issues rules for federally related transactions, which require, among other things, that real estate appraisals must: ○ Be performed in accordance with the USPAP Standards, and ○ Must be subject to review for compliance with the USPAP Standards
State Government	• State government agencies	• License and certify appraisers • Ensure compliance with state and USPAP Standards • Register appraisal management companies and enforce requirements

The Appraisal Foundation's Legal Authority Is Not Clear

Although the appraisal governance structure has been in place for over 30 years, The Appraisal Foundation's legal authority is not clear and raises several complex legal questions. In order to build the public's trust in the valuation of critical assets, these questions merit further in-depth review.

Does the FIRREA statute provide The Appraisal Foundation with clear legal authority to promulgate the USPAP Standards and the Appraiser Criteria?

Although many assume that The Appraisal Foundation's authority is derived from FIRREA, the text of the statute is not clear. On its website, The Appraisal Foundation states: "In 1989, the U.S. Congress enacted the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), which authorized The Appraisal Foundation (Foundation) as the source of appraisal standards and appraiser qualifications." However, FIRREA only states that the federal financial institution regulatory agencies must require certain minimum criteria, including that appraisals for federally related transactions comply with standards set by the Appraisal Standards Board of The Appraisal Foundation. FIRREA also states that these appraisals be performed by appraisers who meet the requirements set by the Appraiser Qualifications Board of The Appraisal Foundation. There is no direct express grant in FIRREA of power to these boards. To illustrate the point, below is a chart showing the Dodd-Frank Act's clear delegation of rulemaking authority to the CFPB as compared to FIRREA's references to The Appraisal Foundation.

Example: Dodd-Frank Act Authority v. FIRREA

STATUTE	TEXT
Dodd-Frank Act 12 USC § 5512	"(b)Rulemaking, orders, and guidance. (1) General authority. The Director [of the CFPB] may prescribe rules and issue orders and guidance, as may be necessary or appropriate to enable the Bureau to administer and carry out the purposes and objectives of the Federal consumer financial laws, and to prevent evasions thereof."
FIRREA 12 USC § 3339	"Functions of Federal financial institutions regulatory agencies relating to appraisal standards...These rules [prescribed by the Federal financial institution regulatory agencies and the Resolution Trust Corporation] shall require, at a minimum-- (1) That real estate appraisals be performed in accordance with generally accepted appraisal standards as evidenced by the appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation; (2) That such appraisals shall be written appraisals; and (3) That such appraisals shall be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice...."
FIRREA 12 USC § 3345	"Certification and licensing requirements… (b) Restriction. No individual shall be a State certified real estate appraiser under this section unless such individual has achieved a passing grade upon a suitable examination administered by a State or territory that is consistent with and equivalent to the Uniform State Certification Examination issued or endorsed by the Appraiser Qualification Board of the Appraisal Foundation. (c) "State licensed appraiser" defined. As used in this section, the term "State licensed appraiser" means an individual who has satisfied the requirements for State licensing in a State or territory whose criteria for the licensing of a real estate appraiser currently meet or exceed the minimum criteria issued by the Appraisal Qualifications Board of The Appraisal Foundation for the licensing of real estate appraisers… (e) Minimum qualification requirements. Any requirements established for individuals in the position of 'Trainee Appraiser' and 'Supervisory Appraiser' shall meet or exceed the minimum qualification requirements of the Appraiser Qualifications Board of The Appraisal Foundation…."

If The Appraisal Foundation has the legal authority to promulgate the USPAP Standards and the Appraiser Criteria based on FIRREA, is that legal authority limited to "federally related transactions"?

If The Appraisal Foundation's authority is based on FIRREA, then that authority may need to be read in the context of FIRREA, which is limited to "federally-related transactions." From the outset, Title XI of FIRREA states that its purpose "is to provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with **federally related transactions** are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision."[86] (emphasis added) Although the definition of a "federally related transaction" is fairly complex, the key takeaway is that it covers only a small portion of residential mortgage transactions because the definition exempts several types of transactions, including any transaction that qualifies for sale to a U.S. government agency or U.S. government-sponsored agency.[87] Given that the vast majority of residential mortgage transactions qualify for sale to Fannie Mae or Freddie Mac , federally related transactions are only a small part of the mortgage market. According to the Appraisal Institute: "a significant percentage of the transactions engaged in by financial institutions do not require appraisals and are not federally related transactions."[88] The narrow coverage of the term "federally related transactions" raises questions about the extent of The Appraisal Foundation's authority if that authority is based on FIRREA.

Is The Appraisal Foundation an "agency" with notice and comment obligations under the Administrative Procedures Act?

If The Appraisal Foundation's powers are based on a delegation of authority from Congress under FIRREA, then this raises questions about whether The Appraisal Foundation is an "agency" with notice and comment obligations under the Administrative Procedures Act. Congress provides agencies with considerable power when it delegates to them the authority to implement statutes through rules that have the force of law and that often have important implications for industry and consumers. As a check on these powers, Congress has passed the Administrative Procedures Act[89] and other laws to impose certain procedural protections and to ensure the opportunity for public participation and review.

It is not clear whether The Appraisal Foundation would qualify as an "agency" for purposes of the Administrative Procedures Act. The act defines "agency" as "**each authority of the Government of the United States**, whether or not it is within or subject to review by another agency…."[90] (emphasis added) The question of whether The Appraisal Foundation is an "authority of the Government of the United States" is a complex question as the courts have not established a definitive test. For example, an entity with purely advisory functions would probably not qualify as an "authority."[91] On the other hand, an entity that performs important governmental functions and exercises powers entrusted to it by the U.S. government may qualify as an "agency."[92] Thus, there may be an argument that The Appraisal Foundation is an

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[86] 12 U.S.C. § 3331 (emphasis added). *See also* GAO, *Regulatory Programs: Opportunities to Enhance Oversight of the Real Estate Appraisal Industry*, GAO-03-404, at 11 (May 2003), https://www.gao.gov/assets/gao-03-404.pdf (stating that "[u]nder Title XI, these minimum standards apply to all federally related transactions"). The GAO's report also states that FIRREA only requires the states to adhere to the Appraiser Criteria for certified residential and certified general appraisers.
[87] 12 U.S.C. § 3350(4); *See, e.g.,* FDIC Regulation, 12 C.F.R. § 323.2(g) and 323.3(a)(10)(i).
[88] Appraisal Institute, *Federally Related Transactions* (July 17, 2018), http://appraisalinstitutedc.org/pdf/AI-FederallyRelatedTransactions.pdf.
[89] 5 U.S.C. §§ 551-559.
[90] 5 U.S.C. § 551(1) (emphasis added).
[91] *See, e.g., Washington Research Project, Inc. v. Dep't of Health, Ed. & Welfare*, 504 F.2d 238, 248 (D.C. Cir. 1974). *See generally,* Jared P. Cole and Daniel T. Shedd, *Statutory Definitions of "Agency" and Characteristics of Agency Independence*, Congressional Research Services, R43562 (May 22, 2014), https://sgp.fas.org/crs/misc/R43562.pdf.
[92] *See, e.g., Flight Int'l Group v. Fed. Reserve Bank,* 583 F. Supp. 674, 678 (N.D. Ga. 1984).

"agency" because its functions are not purely advisory and it does appear to exercise the important governmental functions of setting minimum standards for appraisals and appraisers.

Even if The Appraisal Foundation does not have notice and comment obligations under the Administrative Procedures Act because it is not an "agency," FIRREA may still impose those responsibilities. FIRREA states:

> *Procedures for establishing appraisal standards and requiring use of certified and licensed appraisers*. **Appraisal standards** and requirements for using State certified and licensed appraisers in federally related transactions pursuant to this chapter **shall be prescribed in accordance with procedures set forth in section 553 of title 5 [of the Administrative Procedures Act]**, including the publication of notice and receipt of written comments or the holding of public hearings with respect to any standards or requirements proposed to be established.[93] (emphasis added)

That is, the statute does not limit the Administrative Procedures Act requirements to the federal financial institution regulatory agencies, but rather simply states that "[a]ppraisal standards...shall be prescribed in accordance with" the Administrative Procedures Act. Accordingly, there is an argument that the promulgation of the Appraisal Standards should follow the procedures set forth in the Administrative Procedures Act, which would include:

- Placing a notice of the proposed rulemaking in the Federal Register, which includes:
  - A statement of the time, place, and nature of the public rulemaking;
  - Reference to the legal authority under which the rule is proposed; and
  - Either the terms or the substance of the proposed rule or a description of the subjects and issues involved;
- Giving interested persons an opportunity to participate in the rulemaking through submission of written data, views, or arguments;
- Considering the relevant matter presented;
- Publishing the rule 30 days before its effective date; and
- Providing interested persons the right to petition for the issuance, amendment, or repeal of a rule.[94]

At this time, while The Appraisal Foundation does make its standard-setting process public, the USPAP Standards themselves cost a member of the public $80 (at the time of this report's production) to access, making it more challenging to comment on a standard or to consider a petition for a change. The Appraisal Foundation recently decided, however, that it would make the Real Property Development, Real Property Reporting and Appraisal Review Standards (USPAP Standards 1-4) available online for no charge, but without the Advisory Opinions relating to those standards.[95] Notably, the Appraisal Standards Board's explanation of an appraiser's obligations under fair housing and fair lending laws currently resides in an Advisory Opinion.

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[93] 12 U.S.C. § 3336 (emphasis added).
[94] 5 U.S.C. § 553.
[95] *See USPAP Standards 1-4*, available at: https://www.appraisalfoundation.org/iMIS/TAF/USPAP_Standards_1-4.aspx. Advisory Opinion 16, which will be discussed below, is the key material offered by the Appraisal Standards Board in relation to appraisers' responsibilities under fair housing laws and remains behind the paywall.

If The Appraisal Foundation is not an "agency," then did Congress violate the nondelegation doctrine of the Constitution when it delegated the appraisal standard-setting functions to a private entity?

If The Appraisal Foundation is not an "agency," then this raises the question of whether Congress impermissibly delegated its authority to a private entity. Under FIRREA, the terms "Appraisal Foundation" and "Foundation" are defined to mean "the Appraisal Foundation established on November 30, 1987, as a not for profit corporation under the laws of Illinois."[96] This suggests that Congress recognized that The Appraisal Foundation is a private, nonprofit organization.

Under Article I of the Constitution, "[a]ll legislative Powers herein granted shall be vested in a Congress of the United States."[97] Accordingly, the courts have limited the types of authority and functions that Congress can delegate to a purely private entity.[98] Over 80 years ago, in the seminal case of *Carter v. Carter Coal Co.*, the Supreme Court struck down a statute that allowed one group of coal producers to set binding regulations applicable to the entire industry.[99] The Court stated that the regulation of coal production was "necessarily a government function."[100] However, other courts have upheld limited delegation of authority to private entities so long as the government retained "pervasive surveillance and authority" over the entity in question.[101]

Regardless of whether The Appraisal Foundation is required to follow Administrative Procedures Act requirements, both fair housing advocacy organizations and appraisal organizations echoed a common theme in interviews for this report that it would be beneficial to see more rigor in the revision process of USPAP Standards (and Advisory Opinions) and the Appraiser Criteria. The organizations raised concerns about changes being introduced without careful calculation of the unintended and negative consequences and about changes being made without the input of expertise outside the field of appraising (such as legal expertise or consumer protection/civil rights expertise).

Moreover, concerns were raised about the frequency of changes[102] to the USPAP Standards and Appraiser Criteria. In some cases, states can take years to adopt the changes through the state's legislative or regulatory process. In other cases, the state merely incorporates the standards and criteria by reference, placing the burden on the appraisers to educate themselves on the various changes. This is consistent with a 2003 GAO report by in which states reported that the frequency of changes in the USPAP Standards was an administrative burden and created challenges in investigating and enforcing complaints of violations of the USPAP Standards.[103] Finally, concerns were raised that because of the insular nature of the Appraisal Standards Board and Appraiser Qualifications Board and their processes, the changes often

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96 12 U.S.C. § 3350(9).
97 U.S. Const. art. I, § 1.
98 *See generally,* Linda Tsang and Jared P. Cole, *Privatization and the Constitution: Selected Legal Issues*, Congressional Research Service, R44965 (Sept. 25, 2017), https://sgp.fas.org/crs/misc/R44965.pdf.
99 298 U.S. 238, 311 (1936).
100 *Id.*
101 *See, e.g.*, *United States v. Frame*, 885 F.2d 1119, 1128-29 (3d Cir. 1989).
102 *See* Walitt Solutions LLC, *USPAP Historical Review and Discussion* (Sept. 2021).
103 *See* GAO, *Regulatory Programs: Opportunities to Enhance Oversight of the Real Estate Appraisal Industry*, GAO-03-404, at 20 (May 2003), https://www.gao.gov/assets/gao-03-404.pdf.

center on small details, rather than significant issues such as fair housing or the impact of the standards and criteria on consumers of color.

Recommendation

The appraisal governance structure is unique and complex with a private entity setting the minimum appraisal standards and professional entrance criteria that must be adopted by the states. Given the importance of appraisals to the residential housing market and individual consumers' finances, it is recommended that the complex questions regarding the extent of The Appraisal Foundation's legal authority be considered for further review, including questions about the extent of the legal authority under FIRREA, any potential obligations under the Administrative Procedures Act, and any potential issues under the Constitution's nondelegation doctrine.

The Appointments and Elections Processes Would Benefit from Inclusion of Viewpoints that Represent Consumers, Including Consumers of Color

The Appraisal Foundation's current processes tend to favor a closed-loop system of industry viewpoints rather than a governance structure that is open to diverse viewpoints, including those of civil rights and consumer advocates. Although The Appraisal Foundation recently received favorable feedback from a Diversity, Equity, and Inclusion consultant who reviewed their Board processes with respect to recruiting more people of color,[104] the consultant did not review whether the processes would yield candidates who would be ready to address the challenge of appraisal bias and lack of appraiser diversity and seek solutions that would benefit the whole of the housing market, including consumers of color. Given the far-reaching impacts of The Appraisal Foundation's standards and minimum licensing criteria across the 50 states, it seems prudent to include the voices of affected consumers.

The Appraisal Foundation has three boards: the Board of Trustees, the Appraisal Standards Board, and the Appraiser Qualifications Board. Following is a discussion of each board, with an analysis of how each board may favor well-connected appraisers and exclude voices of consumers affected by appraisal practices, particularly consumers of color.

The Appraisal Foundation's bylaws require that a majority of the Board of Trustees must be appraisers

The Appraisal Foundation is directed by a Board of Trustees that is responsible for the governance of the organization. In addition, the Board of Trustees appoints members and provides financial support and oversight to two independent boards: the Appraisal Standards Board, which promulgates the USPAP Standards; and the Appraiser Qualifications Board, which promulgates the Appraiser Criteria.

The challenge in the structure of the Board of Trustees can be summed up in this sentence from The Appraisal Foundation's bylaws:

[104] *See* The Appraisal Foundation, *Task Force to Promote Board Diversity: Fall 2021 Report*.

> The Trustees appointed by the Appraisal Sponsors and those elected At-Large who are **appraisers together must constitute a majority** of the Trustees on the Board of Trustees.[105] (emphasis added)

That is, The Appraisal Foundation has intentionally designed its governing board to always favor the industry viewpoint. Although appraisers actively engaged in the business will certainly provide helpful expertise, it may be difficult for The Appraisal Foundation to develop solutions to the problems of appraisal bias and lack of appraiser diversity while mainly relying on a closed-loop system of appraiser input, especially because the appraisal industry tends to consist of mostly White, older males.[106] It is helpful to review the details of how the trustees are appointed and elected to understand precisely how the process heavily favors the appraisal industry, especially organizations with financial resources to cover the application and donation prerequisites. The chart below details who is allowed to appoint or elect trustees and the credentials and financial resources they must possess to participate in the process.

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[105] The Appraisal Foundation, Restated Bylaws, § 6.02(b)(viii) (Nov. 16, 2019) (emphasis added) , https://appraisalfoundation.sharefile.com/share/view/s11d4d879051545738887fa0015cad511 ("Bylaws").

[106] *See* U.S. Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey*, (Jan. 22, 2021), https://www.bls.gov/cps/cpsaat11.htm. . *See also*, Cherelle L. Parker, Ira Goldstein, and Gregory D. Squires, *Home Appraisals Drive America's Racial Wealth Gap - 95% of Philly's Appraisers Are White*, PBS WHYY (Feb. 25, 2021), https://whyy.org/articles/home-appraisals-drive-americas-racial-wealth-gap-95-of-phillys-appraisers-are-white/.

Appointment and Election of the Board of Trustees

APPOINTING/ELECTING ENTITY	POWERS	CURRENT MEMBERSHIP
Appraisal Sponsor -Must be an appraiser organization that meets the Appraisal Sponsor Criteria -Must be elected by ⅔ of the Board of Trustees -Must pay an application fee of $2,500 -Must make a financial donation (currently $3,000)	• Each Appointing Appraisal Sponsor has the right to appoint one trustee • Each Nominating Appraisal Sponsor has the right to nominate one trustee for election at-large to the Board of Trustees	Appointing Appraisal Sponsors (no more than 6): • American Society of Appraisers • American Society of Farm Managers and Rural Appraisers • International Association of Assessing Officers • International Right of Way Association • Massachusetts Board of Real Estate Appraisers
Affiliate Sponsor -Non-profit with a demonstrable interest in the appraisal profession --Must be elected by ⅔ of the Board of Trustees -Must pay an application fee of $2,500 -Must make a financial donation (currently $7,500)	• Each Appointing Affiliate Sponsor has the right to appoint one trustee • Each Nominating Affiliate Sponsor has the right to nominate one trustee for election at-large to the Board of Trustees	Appointing Affiliate Sponsors (no more than 3): • American Bankers Association • Farm Credit Council • National Association of Realtors
International Sponsor -Organization that meets the International Sponsor Criteria --Must be elected by ⅔ of the Board of Trustees -Must pay an application fee of $2,500 -Must make a financial donation (currently $7,500)	• Has the right to nominate one trustee for election at-large to the Board of Trustees	Not available
Industry Advisory Council ("IAC") -Recommended by vote of current IAC members, approved by Board of Trustees -For-profit organizations with a demonstrated interest in the practical use of appraisals -Annual membership fee ($2,500)	• Has the right to appoint one trustee	There are currently 38 for-profit organizations on the IAC.
The Appraisal Foundation Advisory Council ("TAFAC") -Selected by Board of Trustees -Not less than 20 organizations with a demonstrated concern regarding sound appraisal practices	• Has the right to appoint one trustee	There are currently 60 non-profit and governmental organizations on the TAFAC. The non-profits are industry trade associations; there do not appear to be any consumer advocates.
Board of Trustees	• Not more than 10 trustees may be elected at-large by the Board of Trustees • Of the at-large trustees, at least one must be from each of these categories: academia; consumer interest group; state-certified or licensed appraiser not affiliated with an Appraiser Sponsor	Board of Trustees

Source: The Appraisal Foundation, Restated Bylaws (Nov. 16, 2019), https://appraisalfoundation.sharefile.com/share/view/s11d4d879051545738887fa0015cad511.

As detailed in The Appraisal Foundation's bylaws and the chart above, there are up to 11 appointed trustees and 10 elected trustees. Notably, each Appraisal Sponsor and Affiliate Sponsor has the right to appoint a trustee, but only if it pays an application fee of $2,500; makes a donation of $3,000 (for an Appraisal Sponsor) or $7,500 (for an Affiliate Sponsor); and is elected by ⅔ of the current Board of Trustees. Thus, the sponsor itself must have the financial resources to cover the application and donation prerequisites and be well-connected to participate in the process. Moreover, although the nonprofits on The Appraisal Foundation Advisory Council can participate in the appointment process without making a donation, they are comprised of 60 organizations with the right to appoint only one trustee. Also, none of the current nonprofits are civil rights or consumer advocates; they are all government entities or industry trade associations. But even if a few civil rights and consumer advocates were to join the advisory council, their voices would be easily outnumbered.

The industry-heavy Board of Trustees appoints the Appraisal Standards Board and the Appraiser Qualifications Board, which tends to further amplify the industry viewpoint

The Board of Trustees, which must mainly consist of appraisers, appoints the Appraisal Standards Board[107] and the Appraiser Qualifications Board.[108] Although the bylaws do not require that these board members be appraisers,[109] they have exclusively been active appraisers until recently.[110] Moreover, there is no conflict-of-interest rule that would require the member to step down from their current employment as an appraiser in order to serve as a member.

An analogy may be useful here to understand the implications of The Appraisal Foundation's appointments and election processes. As an example, Congress has delegated to the CFPB the authority to promulgate rules to implement the Equal Credit Opportunity Act, which prohibits a creditor from discriminating on a prohibited basis. If the process for selecting the CFPB staff to write the rule were analogous to the process used by The Appraisal Foundation, the process might look something like the following:

Hypothetical Analogy if the CFPB Were Structured Like The Appraisal Foundation:

- Financial industry sponsors that made donations to the CFPB of up to $7,500 would have the right to appoint the CFPB's Board of Trustees.
- The majority of the CFPB's Board of Trustees would have to be industry creditors.
- The CFPB's Board of Trustees, which would be almost exclusively industry creditors, would appoint the rulewriting staff, which would also be industry creditors.
- The staff would not be required to step down from their current industry positions while they write the rules.
- Industry creditors would write the minimum standards for the regulation of the industry as well as the minimum criteria for entering the industry; the standards and criteria would have to be adopted by all 50 states.

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[107] The Appraisal Standards Board must consist of 5-9 members. *See* Bylaws §§ 12.01, 12.02.

[108] The Appraiser Qualifications Board must consist of 5-9 members. *See* Bylaws at §§ 13.01, 13.02.

[109] For the Appraisal Standards Board and the Appraiser Qualifications Board, the member must only "have extensive knowledge of appraising and sound appraisal practice and a concern for the public interest in matters involving appraisals." Bylaws at §§ 12.02, 13.02.

[110] The only current non-appraiser serving on either board is Roberta Ouellette, who formerly served as legal counsel to the North Carolina Appraiser Board.

This analogy as well as the description above show how The Appraisal Foundation's current processes tend to favor and replicate the appraisal industry point of view rather than a wider range of viewpoints that might favor the public interest, including the interests of homeowners of color. This approach may pose a structural challenge to solving the complex problems of appraisal bias and lack of appraiser diversity. Moreover, it may be challenging to make changes in the public interest if those changes would contradict the interests of the industry to whom the board members are beholden for their position and livelihood.

With near uniformity, both fair housing organizations and appraisal organizations interviewed for this report agreed that the work of The Appraisal Foundation's boards would benefit from including more voices from outside the field of appraising and financial institutions.

Recommendation

The Appraisal Foundation should consider the following steps to enhance inclusiveness, to provide a more intentional and meaningful way to incorporate the voices of civil rights and consumer advocates, and to improve the ability to issue USPAP Standards and Appraiser Criteria that benefit the whole of the housing market, including homeowners and neighborhoods of color:

- **Repeal the requirement that a majority of the Board of Trustees must be appraisers.**
- **Repeal the requirement of financial donations to appoint board members.**
- **Provide a mechanism allowing industry groups and civil rights/consumer advocates to appoint an equal number of trustees. (For purposes of this report, the term "civil rights/consumer advocates" means organizations that have as their primary purpose the promotion of civil rights and/or consumer protection.)**
- **Provide a mechanism allowing industry groups and civil rights/consumer advocates to nominate an equal number of trustees to at-large elections.**
- **Require that at least four of the at-large trustees must be civil rights/consumer advocates.**
- **Form an advisory council consisting only of nonprofit civil rights and consumer advocates.**
- **Require that at least a third of the members of the Appraisal Standards Board and Appraiser Qualifications Board be civil rights/consumer advocates.**

The Rules of Procedures and Exposure Draft Process Would Benefit from Greater Transparency and Inclusion of Viewpoints that Represent Consumers, Including Consumers of Color

As with the appointments and elections process, The Appraisal Foundation's rules of procedures and exposure draft process tend to favor industry access and industry viewpoints instead of ensuring that the public – including civil rights and consumer advocates – have full access and meaningful opportunities for input. A comparison to the Administrative Procedures Act and the CFPB's standards for rulemaking may be instructive.

As explained above, the Administrative Procedures Act requires agencies to do the following with respect to rulemaking:

- Place a notice of the proposed rulemaking in the Federal Register, which includes:
  - A statement of the time, place, and nature of the public rulemaking;
  - Reference to the legal authority under which the rule is proposed; and
  - Either the terms or the substance of the proposed rule or a description of the subjects and issues involved;
- Give interested persons an opportunity to participate in the rulemaking through submission of written data, views, or arguments;
- Considering the relevant matter presented;
- Publish the rule 30 days before its effective date; and
- Provide interested persons the right to petition for the issuance, amendment, or repeal of a rule.[111]

Similarly, the CFPB must consider a proposed rule's potential benefits and costs to consumers, and potential reduction of consumer access to financial products and services.[112] Given the power of agency rulemaking to affect the life of consumers, the Administrative Procedures Act and the CFPB's governing statute ensure that the public's viewpoints and consumer interests are considered.

The Appraisal Foundation's bylaws set forth the rules of procedure that the Appraisal Standards Board and the Appraiser Qualifications Board must use in issuing the USPAP Standards and the Appraiser Criteria. Generally, these boards use an "exposure draft process," which provides the public with an opportunity to review and comment on drafts. However, the bylaws contain gaps in requiring a transparent and inclusive process. For example, the boards' rules of procedures, including for the exposure draft process, are not available on The Appraisal Foundation's website, making the process less transparent. Following is a chart summarizing the gaps by showing The Appraisal Foundation's processes with a comparison (in the far left column) to the topics covered by the Administrative Procedure Act and the CFPB rulemaking requirements.

[111] 5 U.S.C. § 553.
[112] 12 U.S.C. § 5512(b).

Rules of Procedure and Exposure Draft Process

TOPIC	APPRAISAL STANDARDS BOARD	APPRAISER QUALIFICATIONS BOARD
Authority for Rules of Procedure	Two-thirds majority of Board of Trustees may overrule any change to the rules of procedure issued by the Appraisal Standards Board.	Two-thirds majority of Board of Trustees may overrule any change to the rules of procedure issued by the Appraiser Qualifications Board.
Requirement for Notice to the Public*	Rules of procedure must provide for giving notice and exposure of the proposal.	Not required.
Requirement to Specify the Legal Authority*	Not required.	Not required.
Requirement to Provide Opportunity for Public Participation*	Rules of procedure must provide for a public hearing. However, the full text of USPAP Standards with its Advisory Opinions require a payment, which makes it difficult for the public to provide robust comments.	Not required. However, the Appraiser Criteria is free to the public.
Requirement to Consider the Consumer Perspective**	Rules of procedure must provide for consultation with the advisory councils. Consultation with other interested persons and organizations is optional. No requirement to consult with civil rights or consumer advocates or to consider the consumer perspective.	Not required.
Approval of Draft	Requires approval by the majority of the board.	Requires approval by the majority of the board.
Approval of Final Standard/Criteria	Requires approval by 70% of the board.	Requires approval by 70% of the board.
Requirement to Publish the Final 30 Days before the Effective Date*	Not required.	Not required.
Requirement to Petition for the Issuance, Amendment, or Repeal*	Not required.	Not required.

Source: The Appraisal Foundation Bylaws §§ 12, 13
*Administrative Procedures Act Requirement, 5 U.S.C. § 553
**CFPB Rulemaking Requirement, 12 U.S.C. § 5512(b)

Recommendation

The Appraisal Foundation should consider the following steps to enhance transparency and inclusiveness, and to improve the ability to issue USPAP Standards and Appraiser Criteria that benefit the whole of the housing market, including homeowners and neighborhoods of color:

- **Require the Appraiser Qualifications Board to provide notice to the public, exposure of drafts, and an opportunity for public participation. (The Appraiser Qualifications Board currently engages in this practice but would benefit from having the practice codified in its bylaws.)**

- **Require the Appraisal Standards Board and Appraiser Qualifications Board to state the legal authority under which it is promulgating standards or criteria.**
- **Require the Appraisal Standards Board to make the complete text of USPAP Standards, including Advisory Opinions, available to both appraisers and the public for free.**
- **Require the Appraisal Standards Board and the Appraiser Qualifications Board to consider the impact of proposed standards and criteria on consumers and neighborhoods, including consumers and neighborhoods of color. As a best practice, many agencies that regulate the housing finance market set up specific and regular meetings to hear feedback from civil rights and consumer advocates.**
- **Require the Appraisal Standards Board and the Appraiser Qualifications Board to publish the final standards and criteria at least 30 days before the effective date.**
- **Require the Appraisal Standards Board and the Appraiser Qualifications Board to provide to the public an easily accessible system to request the issuance, amendment, or repeal of any standard or criteria.**

D. Gaps in Fair Housing Requirements and Training

As described above, the evidence clearly shows that the current appraisal system can result in biased valuations, both at the individual and neighborhood level. The causes of such bias are varied and complex. Following is a discussion of four gaps in the USPAP Standards' fair housing requirements and training that should be addressed in order to help remedy the issue:

- Lack of a clear prohibition on discriminatory conduct
- Lack of guidance on the use of discretion
- Lack of clear fair housing training requirements
- Lack of effective fair housing training

Gap: Lack of a Clear Prohibition on Discriminatory Conduct

The USPAP Standards fail to clearly prohibit discrimination in appraisals in accordance with the federal, state, and local fair housing and fair lending laws. According to the Appraisal Standards Board's Advisory Opinion 16 on fair housing,[113] the following sources are meant to inform appraisers of the prohibition against illegal discrimination in appraisals.

- Preamble, page 1, lines 2-4
  - "It is essential that appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a manner that is meaningful and not misleading."
- Ethics Rule: Conduct, page 7, lines 185-186
  - "An appraiser must not engage in criminal conduct."
  - "An appraiser must perform assignments with impartiality, objectivity, and independence, and without accommodation of personal interests."
- Ethics Rule: Conduct, page 7, lines 198-200
  - "An appraiser 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."
- Competency Rule, page 11, lines 298-300, 307-310, 311-313
  - "An appraiser must: (1) be competent to perform the assignment; (2) acquire the necessary competency to perform the assignment; or (3) decline or withdraw from the assignment. In all cases, the appraiser must perform competently when completing the assignment."
  - "Competency requires (1) the ability to properly identify the problem to be addressed; and (2) the knowledge and experience to complete the assignment competently; and (3) recognition of, and compliance with, laws and regulations that apply to the appraiser or to the assignment."

[113] The Appraisal Standards Board issues non-binding advisory opinions that are meant to interpret the USPAP Standards. They are not part of the USPAP Standards and, with only a few exceptions, are not adopted by the states as enforceable requirements. AO-16 was issued in 1997 and has remained relatively unchanged since then.

  - Comment: "Competency may apply to factors such as, but not limited to, an appraiser's familiarity with a specific type of property or asset, a market, a geographic area, an intended use, specific laws and regulations, or an analytical method."
- Standards Rule 1-1(a), page 16, lines 444-449
  - Comment: "Social change has also had an effect on appraisal theory and practice. To keep abreast of these changes and developments, the appraisal profession is constantly reviewing and revising appraisal methods and techniques and developing new methods and techniques to meet new circumstances. For this reason, it is not sufficient for appraisers to simply maintain the skills and the knowledge they possess when they become appraisers. Each appraiser must continuously improve his or her skills to remain proficient in real property appraisal."
- Standards Rule 2-1(a), page 20, line 575
  - "Each written or oral real property appraisal report must clearly and accurately set forth the appraisal in a manner that will not be misleading."

In addition, the appraiser is required to provide the following certification on each appraisal report:

> "I certify that, to the best of my knowledge and belief...the reported analyses, opinions, and conclusions are my personal, impartial, and unbiased professional analyses, opinions, and conclusions…[and] my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice."

Although Advisory Opinion 16 provides reference to these different sections of the USPAP Standards, it does not clearly demonstrate how these disjointed concepts are meant to prohibit discrimination. These passages only provide vague references to an appraiser's obligations under laws that are not even identified.

In particular, the following Ethics Rule has received criticism and is currently under review by the Appraisal Standards Board:

> "An appraiser 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." (Emphasis added.)

This language implies that conclusions on a prohibited basis are permissible as long as they are *supported*, which then raises the question of what is permissible "support." At this time, the Appraisal Standards Board has proposed the following clarifying comment in a First Exposure Draft (dated August 18, 2021):

> "In most instances, even supported conclusions based on one or more of the characteristics noted above must be avoided. Supported conclusions based on the characteristics of protected classes may be allowed if those conclusions are: (1) not

precluded by applicable law; (2) necessary for credible assignment results; and (3) based on relevant evidence and logic."

Even with this comment, however, the language remains unclear, and still raises more questions than answers. It seems more efficient to restate the law more clearly in the USPAP Standards, and then provide a new Advisory Opinion and training module based on the applicable federal, state, and local fair housing laws.

One useful example of prohibiting discriminatory conduct in appraisals comes from HUD's Federal Housing Administration. On November 17, 2021, HUD issued Mortgagee Letter 2021-27, which now contains the following Nondiscrimination Policy:

> "The Appraiser must be knowledgeable of and fully compliant with all federal, state, and local laws, including any antidiscrimination laws, rules applicable to the subject property, or any provisions of the Fair Housing Act.
>
> "No part of the appraisal analysis or reporting may be based on the race, color, religion, sex, actual or perceived sexual orientation, actual or perceived gender identity, age, actual or perceived marital status, disability, familial status, [or] national origin of either the prospective owners or occupants of the Property, present owners or occupants of the Property, or the present owners or occupants of the properties in the vicinity of the Property, or on any other basis prohibited by federal, state, or local law."[114]

Following are additional examples from the GSEs and state laws that provide sample language for articulating a clear prohibition on discriminatory conduct in appraisals.[115]

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[114] HUD, *Appraisal Fair Housing Compliance and Updated General Appraiser Requirements*, Mortgagee Letter 2021-27 (Nov. 17, 2021), https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-27hsgml.pdf?utm_medium=email&utm_source=govdelivery.

[115] In addition, real estate law and policy provides useful examples of clear prohibitions on discriminatory conduct. *See, e.g.,* California, 10 Cal. Code. Reg. § 2780(b); N.Y. Comp. Codes, R. & Regs., Tit. 19 § 175.17; National Association of Realtors Code of Ethics and Standard of Practice, Article 10, at https://www.nar.realtor/about-nar/governing-documents/code-of-ethics/2021-code-of-ethics-standards-of-practice.

Prohibitions on Discriminatory Conduct in Appraisals

SOURCE	TEXT
Fannie Mae	"The following are examples of unacceptable appraisal practices...development of a valuation conclusion based either partially or completely on the sex, race, color, religion, disability, familial status, or including a reference to any protected class of either the prospective owners or occupants of the subject property or the present owners or occupants of the properties in the vicinity of the subject property." Fannie Mae, Single Family Selling Guide, B4-1.1-04 (Nov. 3, 2021).
Freddie Mac	"The following are examples of unacceptable appraisal practices..."[c]onsideration of the race, color, religion, sex, age, marital status, handicap, familial status or national origin of the prospective owners or occupants of the subject or of the present owners or occupants of the properties in the vicinity of the subject property." Freddie Mac, Single Family Seller/Servicer Guide, § 5601.4 (June 2, 2021).
California	"Licensees shall not base, either partially or completely, their analysis or opinion of market value on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, source of income, sexual orientation, familial status, employment status, or military status of either the present or prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property, or on any other basis prohibited by the federal Fair Housing Act." Cal. Business and Professions Code § 11424.
Minnesota	"An appraiser must not knowingly make any of the following unacceptable appraisal practices...develop a valuation conclusion that is based either partially or completely on factors identified in chapter 363A, including race, color, creed, religion, sex, marital status, status with regard to public assistance, disability, sexual orientation, familial status of the owner or occupants of nearby property, or national origin of either the prospective owners or occupants of the properties in the vicinity of the subject property." Minn. Stat. 82B.195 subd. 3(1)(vii).
Illinois	(Introduced): "Discrimination prohibited. An appraiser shall not discriminate when preparing a comparative market analysis for residential real estate. For the purposes of this Section, an appraiser discriminates when he or she considers the actual or perceived race, color, religion, or national origin of the owner of the real estate or the residents of the geographic area in which the real estate is located when determining the market value of the real estate." Ill. HB 93.
New Jersey	(Introduced): Holders of appraisal licenses or certifications, or appraisal management company registrations "shall not discriminate in the appraisal of a residential property on the basis of the race, creed, color, or national origin of the property buyer or property seller." N.J. AB 5185.

Recommendation

To make it easier for appraisers and the public to understand an appraiser's fair housing obligations, the USPAP Standards and Advisory Opinion 16 should be revised to clearly state that discrimination in appraisals is prohibited.

Gap: Lack of Guidance on the Use of Discretion

Although the USPAP Standards' Ethics Rules require an appraiser to perform assignments with "impartiality [and] objectivity," appraisers can use their discretion to make many choices that can affect the valuation of a home. For example, as described above, under the sales comparison approach, the appraiser can choose the distance from the subject property from which they will select comparable homes and which properties within the chosen distance will be used as comparables for the appraisal.[116] Also, the appraiser can use their discretion to decide which adjustments to make and the extent of those adjustments. A review of the role of discretion in fair lending risk may be instructive as this could hold the key to developing a fairer, more equitable appraisal system.[117]

In fair lending, discretion has long been recognized as one of the key risk factors that can lead to violations of fair lending laws.[118] Since the 1990s, the DOJ has highlighted the role that discretion has played in mortgage underwriting and pricing cases alleging unlawful discrimination. For example, with respect to underwriting, fair lending issues typically arise when loan officers have the discretion to make decisions on marginal applicants. They might choose to spend more time helping marginal White borrowers get approved, but immediately deny Black or Latino applicants with similar credit profiles. In the 1997 case of *United States v. First National Bank of Doña Ana County*,[119] the DOJ described the issue in this way:

> "Since at least 1990, First National Bank has provided its loan officers with vague and non-specific application processing and loan underwriting guidelines and instructions. As a consequence, loan officers were left with de facto authority to establish minimum application processing procedures and loan underwriting standards to establish minimum application processing procedures and loan underwriting standards for determining which applications should be approved and which applications should be denied….

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[116] The GSE guidelines prohibit discriminatory practices. For example, the Fannie Mae Single Family Selling Guide lists the following as an unacceptable appraisal practice: "…failure to use comparable sales that are the most locationally and physically similar to the subject property." Fannie Mae Single Family Selling Guide, *Unacceptable Appraisal Practices*, Section B4-1.1-04 (Nov. 3, 2021), https://selling-guide.fanniemae.com/Selling-Guide/Origination-thru-Closing/Subpart-B4-Underwriting-Property/#Unacceptable.20Appraisal.20Practices.

[117] There are numerous other factors, such as discriminatory historical values and data, but discretion appears to be a key component and has long been recognized as a key factor in identifying discrimination in the mortgage market.

[118] *See* FFIEC Interagency Fair Lending Examination Procedures (2009) https://www.ffiec.gov/PDF/fairlend.pdf. Other industry leaders have also made the connection between the broad discretion seen in the appraisal industry today and the mortgage loan underwriting of decades ago. *See, e.g.,* Faith Schwartz, *Three Keys to the Future of Appraisals*, MBA Newslink (Nov. 18, 2021), https://newslink.mba.org/mba-newslinks/2021/november/mba-newslink-thursday-nov-18-2021/faith-schwartz-of-housing-finance-strategies-three-keys-to-the-future-of-appraisal/?utm_campaign=MBA%20NewsLink%20Thursday%20Nov.%2018%202021&utm_medium=email&utm_source=Eloqua.

[119] *United States v. First National Bank of Doña Ana County,* Civ. Action No. 97-0096 HB (D.N.M. 1997), https://www.justice.gov/crt/housing-and-civil-enforcement-cases-documents-588.

"...The loan files reveal that in processing applications, the lender's loan officers made greater efforts to obtain information from Anglo applicants that would demonstrate their eligibility for financing compared to the efforts expended in processing the applications of Hispanics. For example, First National Bank's loan officers have:

1. Failed to make comparable efforts to allow Hispanic applicants to explain adverse items on credit reports;
2. Failed to make comparable efforts to verify credit sources listed on Hispanics' mobile home loan applications; and
3. Failed to make comparable efforts to elicit from Hispanic applicants possible 'offsetting' qualifications that may compensate for any deficiencies in the required qualifying information."

As evidenced by this case, a lender's decision to provide their loan officers with broad discretion can result in discriminatory outcomes in the loan approval process.

Discretion also played a key role in the pricing cases that the DOJ began to file in the 2000s. With respect to pricing, the fact pattern usually consisted of a lender using an automated pricing system, but providing mortgage loan officers with the discretion to increase the interest rate. In the 2011 case of *United States v. Countrywide Financial Corp., et al.,*[120] the DOJ described a two-tier pricing system in which the lender first set the interest rate based on objective, credit-related characteristics ("par" or "base price"), but then provided its mortgage loan officers with broad discretion to increase the price up to a certain cap ("overage"), decrease the price ("shortage" or "underage"), and alter the standard fees. The complaint stated: "This subjective and unguided pricing discretion resulted in Hispanic and African-American borrowers paying more not based on borrower risk."[121]

Notably, in the context of fair lending, discrimination resulting from the exercise of discretion can be proven under either the disparate treatment or disparate impact theory of discrimination and litigants often use both. Disparate treatment occurs when similarly-situated individuals receive different outcomes on a prohibited basis, and the difference cannot be explained by a legitimate non-discriminatory reason.[122] For example, disparate treatment occurs if there is a statistically significant difference in pricing outcomes on a prohibited basis, even after controlling for all of the factors that the lender states it considers in pricing the loan.[123] Similarly, disparate impact liability can result if the lender's race-neutral policy of discretion causes discriminatory pricing on a prohibited basis, even if not intentionally so.[124] The lender may assert that the policy of discretion is justified by business necessity, but the plaintiff can still prevail by showing that there are less discriminatory alternatives, such as reducing discretion or monitoring the outcomes of the policy of discretion and taking appropriate action.[125]

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[120] *United States. V. Countrywide Financial Corp. et al.*, CV11-10540-PSG (C.D.Cal. Complaint filed Dec. 21, 2011), https://www.justice.gov/sites/default/files/crt/legacy/2011/12/21/countrywidecomp.pdf.
[121] *See id.* at Para. 29.
[122] *See id.* at Para. 47.
[123] *See id.*
[124] *See id. See also*, HUD 2021 Disparate Impact Proposed Rule, 86 Fed. Reg. 33597.
[125] *See id.*

Over time, lenders have understood the significant risk that discretion creates under both the disparate treatment and disparate impact theories of discrimination. To minimize this exposure to legal liability (and for other reasons), lenders have gradually moved from the subjective "5 C's of credit" (character, capacity, capital, collateral, and conditions) to more objective factors that are often automated. There was a time when lenders felt they had to meet the applicant in person to make a subjective assessment of "character," which often disadvantaged women and people of color. Now lenders can offer a mortgage through a simple electronic interface after receiving objective information. These systems are not perfect and can still be based on discriminatory historical data or discriminatory models, but lenders are now much more aware of the interplay between discretion and fair lending risk and actively work toward more objective, equitable systems. Moreover, lenders understand that borrowers of color are the future of the market, and it is in their business interest to treat their customers fairly.[126]

Just as lenders came to understand the risk of discretion in underwriting and pricing mortgage loans, appraisers will similarly need to understand the fair housing risk inherent in each discretionary decision and understand how to manage that risk appropriately. As FHFA recently stated in its recent findings of race-related language in appraisal reports: "Generally, the use of discretion can present fair lending risk because it allows overt or indirect references to race, ethnicity, or other prohibited bases to enter the process and can be applied unequally to favor or disfavor neighborhoods based on race or other prohibited bases." [127] In addition, the appraisal process should be reviewed to determine the best methods of monitoring compliance, such as how to compare the outcomes in appraisal reports for similar subject properties that are in White communities vs. communities of color. The current USPAP Standards provide little guidance on how to identify discretionary decisions and manage the fair housing risk. Following is a small sample of USPAP Standards that may benefit from greater clarity with respect to discretion and fair housing risk as well as methods for managing that risk.

[126] *See* Laurie Goodman and Jun Zhu, *The Future of Headship and Homeownership*, Urban Institute (Jan. 2021), https://www.urban.org/sites/default/files/publication/103501/the-future-of-headship-and-homeownership.pdf (estimating that between 2020 and 2040, there will be 6.9 million net new homeowners comprised of 4.8 million more Latino homeowners, 2.7 million more Asian and other homeowners, and 1.2 million more Black homeowners but 1.8 million fewer White homeowners).
[127] FHFA, *Reducing Valuation Bias by Addressing Appraiser and Property Valuation Commentary*, FHFA Insights Blog (Dec. 14, 2021), https://www.fhfa.gov/Media/Blog/Pages/Reducing-Valuation-Bias-by-Addressing-Appraiser-and-Property-Valuation-Commentary.aspx.

USPAP Standards and Fair Housing Risk

USPAP STANDARD	FAIR HOUSING RISK
Standards Rule 1-2 "In developing a real property appraisal, an appraiser must:...(e) identify, from sources the appraiser reasonably believes to be reliable, the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, including: (i) its **location…**" (emphasis added)	-Location and geography are often highly correlated with race. -Here, the risk is that the appraiser may perpetuate segregation by describing the location based on perceptions of racial boundaries rather than objective factors. -The USPAP Standards could manage the fair housing risk by providing examples of the objective methods for identifying the location.
Standards Rule 1-4 "When a sales comparison approach is necessary for credible assignment results, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion."	-As described above, the sales comparison approach probably represents the highest fair housing risk, but the USPAP Standards do not provide any other guidance or baseline standards for avoiding discriminatory outcomes. -The USPAP Standards could manage the fair housing risk by identifying each facet of the sales comparison approach that contains a discretionary decision that could result in disparate treatment or a disparate impact on a prohibited basis and providing guidance on how to manage the risk.
Standards Rule 2-1(a) "Each written or oral real property appraisal report must (a) clearly and accurately set forth the appraisal in a manner that will not be misleading...."	-Advisory Opinion 16 states that this is one of the standards that supports fair housing. However, the term "misleading" has a special definition adopted by the Appraisal Standards Board for the 2020-22 USPAP. It is wholly unrelated to the subject of discrimination: "Intentionally or unintentionally misrepresenting, misstating, or concealing relevant facts or conclusions." The Appraisal Standards Board current exposure draft for the 2023 USPAP proposes to delete that definition and revert to the "dictionary definition," but even conventional dictionary meanings of "misleading" are associated more with deception than discrimination. -This USPAP Standard could be revised to more clearly state that the report must set forth the appraisal in a way that is not discriminatory and provide examples of best practices.
Standards 2-3(a) Regarding the signed certification: "I certify that, to the best of my knowledge and belief...I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment."	-This certification may speak to ensuring that the appraiser has not engaged in a fair housing violation, but the statement is not clear and appraisers interviewed for this study indicated that "bias" also refers to other concepts such as avoiding advocacy or favoring the cause of the appraiser's client. -The USPAP Standards could add a comment to clarify the circumstances under which an appraiser could make such a certification and the consequences for a false statement.

With respect to setting baseline standards for managing fair housing risk, it should be noted that ensuring fair housing protects consumers as well as the safety and soundness of financial institutions and the housing market. FIRREA, which The Appraisal Foundation cites as the basis for its authority, states its purpose is to:

> "Provide that Federal financial and public policy interests in real estate related transactions will be protected by requiring that real estate appraisals utilized in connection with federally related transactions are performed in writing, in accordance with uniform standards, by individuals whose competency has been demonstrated and whose professional conduct will be subject to effective supervision."[128]

Title XI of FIRREA was passed in response to the Savings and Loan Crisis and was later amended by the Dodd-Frank Act in response to the Great Recession. Each time, incorrectly appraised values for residential homes had adverse consequences for the housing market and the economy as a whole. And each time, the adverse effects were disproportionately felt by homeowners of color. Moreover, many other players in the mortgage market have undergone the process of scrutinizing their procedures for discretion and fair lending risk in order to ensure fair outcomes. Accordingly, ensuring that appraisers follow the letter and spirit of fair housing laws is important not just for homeowners of color but for the health of the market overall.

Recommendation

Consistent with other aspects of the housing finance market, the appraisal process should be thoroughly reviewed for fair housing risk, particularly in the exercise of discretion, and the USPAP Standards should be amended accordingly in order to provide a baseline standard for fair and equitable outcomes.

Gap: Lack of Clear Fair Housing Training Requirements

Until recently, the Appraiser Criteria did not include a requirement for any fair housing training. Beginning in 2022, however, the Appraiser Criteria will be updated to require that the course on "Basic Appraisal Principles" required for all credentials must include the topic of "Valuation Bias, Fair Housing, and/or Equal Opportunity."[129] In addition, continuing education credit may be granted for this same topic.

The Appraiser Criteria's new requirement is a welcome addition in concept, but falls short on a number of levels. First, the topic of "Valuation Bias, Fair Housing, and/or Equal Opportunity" is imprecise. The term "valuation bias" is not defined and the "and/or" suggests that any one of the three topics will suffice. Second, there is no guidance as to the required content for such an important topic or the time that must be devoted to it. Third, there is no requirement for the appraiser to learn the fundamentals of the state and local fair housing laws for the geographic area in which they operate. In some areas, the state and local fair housing laws can be much broader than the federal law. Finally, the requirement only applies to the initial credential for the

[128] 12 U.S.C. § 1331.
[129] Appraiser Qualifications Board, *Guide Note 1* (effective Jan. 1, 2022), https://appraisalfoundation.sharefile.com/share/view/s63f99dc2b9f241e0b3fd1645f7b63680.

course on "Basic Appraisal Principles." There is no requirement for ongoing fair housing training once the credential is obtained. Significantly, the current version of the initial 15-hour USPAP course that must be taken for initial appraiser credentialing does not contain any instruction or discussion about fair housing issues or discrimination.

Several members of appraisal organizations interviewed for this report believed that appraisers in general do not have a good understanding of the fair housing laws that apply to residential appraising. It was also noted that several states have extensive fair housing education requirements for real estate brokers. For example, the state of California requires real estate agents to complete a three-hour course that must include federal and state fair housing laws; how to avoid practices that could be considered discriminatory; and specific topics, such as redlining, advertising, refusing to show property, and block busting.[130] Similarly, the state of New York requires education on federal and state fair housing laws, including the Fair Housing Act and the Civil Rights Act of 1866; specific cases; and specific discriminatory acts, such as unequal treatment, steering, and block busting.[131] New York requires an initial four-hour fair housing course as well as a three-hour fair housing continuing education requirement.

Following are some examples of state laws that articulate clear requirements with respect to comprehensive fair housing training for appraisers.

[130] Cal. Bus. & Prof. Code § 10170.5(a)(4). The Department of Real Estate's Course Guidelines are available at https://www.dre.ca.gov/files/pdf/forms/re329.pdf.

[131] New York Real Estate Salesperson Curriculum, available at: https://dos.ny.gov/system/files/documents/2019/09/2018RESalespersonCurriculum.pdf.

Fair Housing Training Requirements for Appraisers

SOURCE	TEXT
California	"The director shall adopt regulations governing the process and procedures for renewal of a license or restoration of a license to active status that shall include, but not be limited to, continuing education requirements, which shall be reported on the basis of a four-year continuing education cycle, and, for each licensee renewing on or after January 1, 2023, include at least two hours of elimination of bias training, either individually or as part of a broader course." "Beginning January 1, 2023, as part of the continuing education required by this section, a licensee shall complete at least one hour of instruction in cultural competency every four years. For purposes of this section, 'cultural competency' means understanding and applying cultural and ethnic data to the process of care that includes, but is not limited to, information on the appropriate treatment of, and provision of care to, the lesbian, gay, bisexual, transgender, and intersex communities, ethnic communities, and religious communities." Cal. Business and Professions Code § 11360.
Minnesota	"Education. Within two years of receiving a license under this chapter and as required by the Appraiser Qualifications Board, a real property appraiser shall provide to the commissioner evidence of satisfactory completion of a continuing education course on the valuation bias of real property." "For the purposes of this section, 'valuation bias' means to explicitly, implicitly, or structurally select and apply data to an appraisal methodology or technique in a biased manner that harms a protected class, as defined by the Fair Housing Act of 1968, as amended." Minn. Stat. § 82B.021.
New York	"For State license and certification periods that commence on or after January 1, 2022, real estate appraisers and real estate appraiser assistants who hold State licenses or certifications must successfully complete an approved course of study in Fair Housing and Fair Lending, every two years, or its equivalent, as required in subdivisions (b) or (c) of this section, in order to renew their licenses or certifications." Tit. 19 NYCRR § 1107.33.
Ohio	Applicants for residential real estate appraiser license, residential real estate appraiser certification, or general real estate appraiser certification must include in their hours of education instruction "at least one course devoted exclusively to federal, state, and municipal fair housing law." Ohio Admin. Code 1301:11-3-03.

Recommendation

Quality fair housing training for appraisers is critically important and should be a requirement for every appraiser to obtain and maintain their credentials. The Appraiser Criteria should be revised to clearly require comprehensive fair housing training on federal, state, and local fair housing laws at every stage of the credentialing process and at renewal.

Gap: Lack of Effective Fair Housing Training

The persistence of bias in appraisal markets suggests that fair housing training programs for appraisers have not been as comprehensive or effective as they could be. To address this gap, The Appraisal Foundation has just recently added a module seeking to address the subject of fair housing in the 7-hour continuing education course that appraisers must complete every two years regarding USPAP Standards.

The new fair housing module contained in the 7-hour continuing education course reflects welcome effort, but fails to provide accurate and effective guidance to appraisers. The module provides an inaccurate summary of fair housing law, while failing to include any content from the applicable statutes themselves (namely, the federal Fair Housing Act) or its implementing regulations. It also fails to provide specific guidance and examples of what is prohibited by law.

This outcome is consistent with views expressed in interviews conducted with members of national appraisal organizations. They observed that The Appraisal Foundation has not produced accurate and effective guidance with respect to fair housing issues (and other topics of a legal nature, such as privacy laws). This results from the organization's insular approach. Interviewees familiar with The Appraisal Foundation's operations noted a hesitancy of the organization to consult with subject matter experts outside the field of appraising, such as fair housing and civil rights experts. The misleading training could lead to detrimental results for consumers including inappropriate property devaluations, improper loan denials, loss of housing opportunities, and other harms. It could also contribute to appraisers failing to realize the extent of their legal obligations which could expose them to liability. Finally, it could result in harm to communities of color, contributing to the racial wealth and homeownership gaps, disinvestment, and the perpetuation of segregation. Below is a list of the general recommendations followed by detailed recommendations and examples of areas for improvement from the training.

Recommendations for the Training Requirements:

- **There should be comprehensive fair housing training included in the initial 15-hour USPAP course (not just in the 7-hour USPAP continuing education course).**
- **The fair housing training module in the current 2022-2023 7-hour USPAP continuing education course for credentialed appraisers should be revised immediately and developed with the participation of fair housing experts to ensure the training is comprehensive and contains important elements needed to educate professionals about how to comply with the letter and spirit of applicable federal, state, and local fair housing laws.**
- **At a minimum, the fair housing training should include:**
    - **The history of discrimination and segregation and the role of the appraisal industry in establishing and perpetuating both;**
    - **Information about the costs of appraisal bias for families, communities, the housing industry, and the nation, including the impact on the homeownership and wealth gap;**
    - **An in-depth explanation of the federal fair housing laws and implementing regulations as well as the role of state and local fair housing laws;**
    - **Recent case examples of appraisal discrimination;**
    - **The appropriate use of the free-form text sections of the appraisal report, including a reminder that the racial and ethnic composition of the neighborhood should never be a factor that influences the value of a home;**
    - **An explanation of how compliance with fair housing laws and standards benefits the appraisal and housing industry, consumers, communities, and the greater society; and**
    - **Best practices to ensure compliance with the letter and spirit of the fair housing laws.**
- **The Appraisal Foundation should collaborate with HUD, DOJ, the Federal Housing Finance Agency ("FHFA"), and other regulators and enforcement agencies to develop, improve, and implement fair housing training. In addition, The Appraisal Foundation should consider inviting civil rights experts to provide the fair housing training for appraisers.**

Recommendations for Improvements to the Fair Housing Module in the 7-Hour Training

Below are excerpts from the new fair housing module in the 7-hour continuing education training required by The Appraisal Foundation. Below each excerpt is a recommendation for improvement.

Recommendation for the Introduction

Excerpt from the Training

> # Introduction
>
> **"Black Homeowners Face Discrimination in Appraisals"**
> (Headline from *New York Times*, August 25, 2020, and updated August 27, 2020.)
>
> This is a shocking headline, but it does get our attention! What could have taken place that resulted in such a headline? Is the headline accurate? Does it have merit? Is its conclusion based on perception or facts?

Recommendation

The introduction to the existing training should be revised to focus on fair housing laws and their requirements. Similarly, the overall tone of the module should be revised from one of raising questions about perception and reputational risk for appraisers to clearly identifying fact patterns that represent illegal discrimination and avoiding harm to consumers.

Recommendation for the Background Section

<u>Excerpt from the Training</u>

Background

The first Advisory Opinions (AOs) appeared in the 1992 edition of the USPAP publication. AO-16 was not added, however, until the 1997 edition. Since that time, the AO has undergone some minor changes, although the overall content has remained largely unchanged. And, while most of the information in the 2020-2022 version of AO-16 remains the same as when it was originally written, it is as relevant today as it was then.

<u>Recommendation</u>

The background section should be revised to focus on the history of appraisal discrimination and its impact on borrowers and communities of color.

Recommendation for the Legal Discussion

Excerpt from the Training

The main types of bias claims made against appraisers fall into two categories:

- Intentional bias (an appraiser is accused of deliberately acting with bias)
- Unintentional bias (the appraiser has no awareness of acting with bias)

Intentional Bias

Our research shows that of the number of verifiable complaints filed with regulatory agencies, those that comprise **intentional** bias have been extremely rare in appraisal work. However, that does not mean intentional bias is nonexistent.

Unintentional Bias

Unintentional bias comes in many forms. Not all bias in appraisals is based on racial, ethnic, or other discrimination. Appraising to meet the sale price is an example of a bias. All bias is prohibited by USPAP, whether or not it is based on illegal discriminatory factors. An example of a built-in unintentional bias an appraiser could have (which is one we are unaware we have until it is called to our attention) includes the following:

> You personally do not like bi-level (or "split-level") homes. And you have heard from two real estate agents that split-level style homes are "always" less marketable than two-story style homes.

Could these built-in biases affect the adjustments that an appraiser makes to split-level style houses when compared to similar utility two-story style homes in the area? It might. Thus, regardless of how you personally feel about split-levels, you need to ensure you are deriving your adjustments using factual, market supported evidence. This might help to eliminate a built-in unintentional bias.

Recommendation

The legal discussion should be revised to accurately state the law. Currently, the module inaccurately focuses on intentional bias and unintentional bias rather than disparate treatment and disparate impact. The definitions and commentary also require revision to explain what constitutes disparate treatment and disparate impact and how appraisers can comply with legal requirements and follow best practices.

Recommendation for the Illustrations and Case Studies

Excerpt from the Training

Illustrations

There are four illustrations presented in AO-16. These illustrations have been posed as questions for discussion purposes here. However, each of them should be read in its entirety. Any experiences you have had regarding any of the illustrations may prove helpful to you and to the class as a whole.

Recommendation

The illustrations and case studies should be revised to clearly identify fact patterns that represent illegal discrimination. The fact patterns should focus on situations that are common and clearly covered by the Fair Housing Act.

Recommendation for the Instructor's Manual

Excerpt from the Training

Relevant Definitions

As you can imagine these topics may get some passionate responses from your class members, so a discussion of the relevant definitions that are used in the section may help bring the focus back to USPAP.

Recommendation

The instructor's manual should be revised to provide more explicit guidance. Also, in connection with fair housing topics, the instructor's focus should be on the law first and USPAP and other guidelines second.

E. Barriers to Entry into the Appraisal Profession

The appraisal profession lacks diversity and does not reflect the population of the United States. [132] Remedying this gap is not only likely to reduce the number of biased valuations, but also reduce the acute shortage of appraisers, which is impacting transactions across the nation.[133] The Appraiser Qualifications Board sets the minimum criteria that individuals must meet to obtain each type of appraiser credential. States must adopt the minimum criteria and can add additional criteria. Although The Appraisal Foundation and other appraisal professionals are actively engaged in reviewing this problem and conducting extensive outreach to people of color, it seems that the criteria would still benefit from a review of the impact of each requirement. Below is a discussion of the following barriers to entry into the appraisal profession:

- Multiple levels of licensing and certification
- College degree requirements
- Appraisal education hours
- Experience hours
- Standardized tests

In addition, the report addresses concerns about the pipeline of trainees and the future of the profession.

Recommendation

It is recommended that each of the barriers to entry to the appraisal profession be reviewed for disparate impact by analyzing the burden on potential appraisers of color, the business justification for the requirement, and whether there is a less discriminatory alternative that can achieve the business interest. Below is a description of each barrier and a more detailed recommendation.

Barrier: Multiple Levels of Licensing and Certification

The appraiser profession requires several levels of licensing and certification, unlike other professions – such as real estate brokers, accountants, and lawyers – where the individuals are full-fledged members of the profession once they pass the certification examination. Moreover, each level of licensing and certification represents additional barriers in the form of college degree requirements, appraiser education hours, experience hours, and standardized tests, each of which is an additional barrier. Below is a chart summarizing the various credentials and requirements.

[132] According to the U.S. Bureau of Labor Statistics, the category of "Property appraisers and assessors" is 96.5% White, 2.3% Black, and 1.2% Asian. Six percent are classified as Hispanic and 29.7% were classified as female. *See* U.S. Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey*, (Jan. 22, 2021), https://www.bls.gov/cps/cpsaat11.htm.
[133] *See, e.g.,* Jeff Ostrowski, *How Big Mortgage Lenders Hope to Clear the Appraisal Logjam*, Bankrate.com (Oct. 27, 2021), https://www.bankrate.com/mortgages/fannie-freddie-expand-desktop-appraisals/.

Appraiser Licensing and Certification (subject to individual state laws)

CREDENTIAL	COLLEGE DEGREE REQUIREMENT	EDUCATION HOURS	EXPERIENCE REQUIREMENT*	EXAM	PERMITTED TO APPRAISE
Trainee Appraiser	None	-75 hours -Supervisory Appraiser/ Trainee Appraiser Course	None	No exam	-Properties that the Supervisory Appraiser is permitted to appraise
Licensed Residential Appraiser	None	-150 hours	1,000 hours in a minimum of 6 months (requires a Supervisory Appraiser)	Licensed Residential Exam	-Non-complex 1-4 residential units with a transaction value of less than $1 million -Complex 1-4 residential units with a transaction value of less than $400,000
Certified Residential Appraiser	-Bachelor's degree, OR -Associate's degree in a focused field of study, OR -30 college semester credit hours in specified topics, OR -CLEP exam	-200 hours	1,500 hours in a minimum 12 months (requires a Supervisory Appraiser)	Certified Residential Exam	-Any 1-4 residential units, regardless of complexity or transaction value
Certified General Appraiser	-Bachelor's degree	-300 hours	3,000 hours in a minimum of 18 months; 1,500 hours must be in non-residential work (requires a Supervisory Appraiser)	-Certified General Exam	-All real estate types, including commercial real estate

*Can complete the experience requirements while completing the appraisal education hours; hours are cumulative across credentials.
Source: Appraiser Criteria

Recommendation

The credentialing criteria should be reviewed to consider streamlining the credentials to just two certifications: 1) certified residential appraiser and 2) certified general appraiser. This approach would:

- **Follow the model of other professions where the individual is fully licensed or certified after passing the exam (e.g., real estate broker, accountant, lawyer);**
- **Follow the model of many large lenders and appraisal management companies, which already require appraisals to be conducted by a certified appraiser; and**
- **Provide a more realistic way for new entrants to earn a living in the profession.**

Barrier: College Degree Requirements

Although real estate brokers are not required to have a college degree, certified residential appraisers must have a college degree or equivalent, and certified general appraisers (who can appraise both residential and commercial properties) must have a college degree. This poses an obvious barrier for potential appraisers of color who are underrepresented in the college degree population. In addition, the cost and time associated with completion of a college course of study create an additional burden. Finally, people of color, who disproportionately do not have access to inter-generational wealth, bear the brunt of student loan debt which can cripple their ability to earn an effective living wage once they graduate.[134]

Recommendation

The criteria should be reviewed to consider whether the college degree is necessary for the profession, including whether this requirement has appreciably improved the quality of appraisals.

Barrier: Appraiser Education Hours

In addition to any college degree requirement, each level of appraiser credential requires education hours. To be a trainee, the individual must complete 75 hours; the licensed residential appraiser credential requires an additional 75 hours (for a total of 150 hours); the certified residential appraiser credential requires an additional 50 hours (for a total of 200 hours); and the certified general appraiser requires an additional 100 hours (for a total of 300 hours). Of course, each of these education requirements represents additional time and money for the potential appraiser. In addition, concerns have been raised about the content of this education. Several appraisers we interviewed stated that the education does not offer practical guidance on how to complete an appraisal.

Recommendation

The appraiser education hours criteria should be reviewed to consider whether the extensive hours are necessary and whether the content of the courses should be revised to better prepare the student to conduct the work of an appraiser.

Barrier: Experience Hours

The experience hours requirement was cited in almost every interview we conducted as by far the biggest challenge to entering the profession. More specifically, to be a licensed residential appraiser, the individual must complete 1,000 hours of experience in a minimum of six months, under the direction of a Supervisory Appraiser; the certified residential appraiser requires an

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[134] *See, e.g.,* Andre Perry, Marshall Steinbaum, and Carl Romer, *Student Loans, the Racial Wealth Divide, and Why We Need Full Student Debt Cancellation*, Brookings Institution (June 23, 2021) https://www.brookings.edu/research/student-loans-the-racial-wealth-divide-and-why-we-need-full-student-debt-cancellation/.

additional 500 hours (for a total of 1,500 hours) in a minimum of 12 months, under the direction of a Supervisory Appraiser; and the certified general appraiser requires an additional 1,500 hours (for a total of 3,000 hours) in a minimum of 18 months, under the direction of a Supervisory Appraiser.

While the hours themselves are a significant barrier, the biggest challenge is finding a Supervisory Appraiser. There are several disincentives to acting as a Supervisory Appraiser, including the time, cost, and competition. First, the Supervisory Appraiser must commit to the hours, which sometimes even include attending a training course. In many instances, the commitment includes being on site while the trainee conducts the appraisal. Second, the Supervisory Appraiser is essentially agreeing to reduce their pay. Typically, the appraiser is already splitting part of the appraisal fee with the appraisal management company, so the appraiser would have to further reduce their percentage of the fee to share with the trainee. Finally, the Supervisory Appraiser is in effect training their competition as once the trainee has received his or her license or certification, the newly-minted appraiser will very likely begin working independently in the same market for the same clients as his or her former supervisor. For this reason, many appraisers report that it is almost impossible to find a Supervisory Appraiser unless they are a friend or family member willing to do this as a favor. Many appraisers say, "To be an appraiser, you have to know an appraiser." Accordingly, because most current appraisers are older, White males, the lack of social and professional connections in communities of color may perpetuate the pattern of new appraisers being mostly White males. This significantly impacts the ability of people of color to enter the profession.

The experience requirement also raises other related concerns. First, the experience hours requirement is essentially an extended apprenticeship, which significantly impacts the individual's ability to earn a living due to the fee split and/or the reliance on the supervisor to provide clients and work assignments. In addition, several appraisers reported that the experience hours and minimum months requirement seemed to be an artificial barrier as they felt prepared to conduct appraisals independently well before the minimum experience requirement was fulfilled. It did not seem like the additional hours and waiting a certain number of months provided any additional benefit.

Several concerns were raised about the Practical Applications of Real Estate Appraisal ("PAREA"), which the Appraiser Qualifications Board recently approved as an alternative to the experience hours requirement. Through PAREA, an individual would be able to bypass the experience hours by means of a virtual course in which the student handles simulated appraisal situations and completes mock appraisal exercises and assignments, removing the need to find a Supervisory Appraiser. However, there are several roadblocks to implementing PAREA as a viable alternative. First, proposed courses are still under development and none are actually available at this time. The timeline for deploying the course and the eventual cost to potential appraisers are unknown. Second, each state must adopt these new criteria, which may take years in some cases. Some states who have adopted the criteria have retained some of the experience hours requirements, meaning that the individual would still need to find a Supervisory Appraiser.

Recommendation

Given the clear racial disparate impact of the experience hours and Supervisory Appraiser criteria, this requirement should be thoroughly reviewed to consider less discriminatory alternatives, including:

- **Improving the content of the education courses so that the student is better prepared to conduct appraisals after passing the exam;**
- **Improving the content of the exam by including a practice-based component that ensures a prospective appraiser has a clear understanding of industry practices; and**
- **Replacing the current experience requirement with an exam that, once passed, makes the individual a certified appraiser.**

Barrier: Standardized Tests

Questions have long been raised about the validity of certain standardized tests and the potential disparate impact on the basis of race or ethnicity.[135] In the appraisal profession, the individual has to pass a standardized test to become a licensed residential appraiser, a certified residential appraiser, or a certified general appraiser.[136] Typically, the examination consists of about 125 questions and takes about 4-6 hours. According to data from The Appraisal Foundation (see below), the pass rate is only about 55%-65% for first-time test takers. The Appraisal Foundation does not retain data on the basis of race, ethnicity, or gender, so the numbers may be higher or lower for these individuals. This means that even after spending the time and money on the appraisal education courses, any college degree requirements, and experience hours, there is a good chance that the individual will not receive the credential. These results raise concerns about the education and experience requirements as well as the validity of the test if individuals cannot pass the exam after all that training.

[135] *See, e.g.*, John Rosales and Tim Walker, *The Racist Beginnings of Standardized Testing*, National Education Association News (March 20, 2021) https://www.nea.org/advocating-for-change/new-from-nea/racist-beginnings-standardized-testing; U.S. Equal Employment Opportunity Commission, *Employment Tests and Selection Procedures* (Dec. 1, 2007), https://www.eeoc.gov/laws/guidance/employment-tests-and-selection-procedures.

[136] State appraiser regulatory agencies and examination developers may use the *National Uniform Licensing and Certification Examination* developed by the Appraiser Qualifications Board or develop "equivalent examinations," which must be reviewed and approved by the Appraiser Qualifications Board.

2015-2020 National Uniform Licensing and Certification Examination Pass Rates												
	2015		2016		2017		2018		2019		2020	
	# Passed	Pass Rate	# Passed	Pass Rate	# Passed	Pass Rate	# Passed	Pass Rate	# Passed	Pass Rate	# Passed	Pass Rate
LR	169	53%	175	62%	260	67%	325	62%	371	60%	383	57%
	89		108		173		203		224		220	
CR	411	64%	402	66%	465	73%	735	68%	846	63%	849	65%
	262		267		338		498		529		548	
CG	393	66%	407	71%	447	71%	399	71%	433	54%	368	55%
	259		287		319		250		234		203	
TOTAL	973	63%	984	67%	1172	71%	1459	65%	1650	60%	1600	61%
	610		662		830		951		987		971	

*Data is for first time test takers.

Source: The Appraisal Foundation, https://www.appraisalfoundation.org/imis/TAF/Standards/Qualification_Criteria/National_Uniform_Licensing_and_Certification_Exam_for_Real_Property_Appraisers_/TAF/AQB_National_Exam.aspx?hkey=50cf1d9e-6430-4e5d-ac6e-2fe92352cbdf.

Recommendation

The Appraisal Foundation should collect data on race, ethnicity, and gender to measure the impact of the examinations. Also, the examinations should be reviewed for validity and consistency with federal anti-discrimination laws.

Concern: Pipeline of Trainees and the Future of the Profession

The Appraisal Foundation and other appraisal organizations have been actively working to create a pipeline of new trainees and appraisers of color. For example, The Appraisal Foundation has been working with the National Urban League, Fannie Mae, and Freddie Mac on the "Appraiser Diversity Initiative" as well as creating scholarships for women and people of color.[137] That said, the lack of diversity in the financial services space is not new and civil rights groups have used a variety of methods for increasing diversity in the insurance, financial services, and real estate industries. Some of the following methods might also be useful for bolstering the efforts to increase diversity in the appraisal space.

- Creating affinity relationships and programs with Historically Black Colleges and Universities as well as Latino-serving institutions, Asian-serving, and Native American-serving;[138]
- Sponsoring internship opportunities for students of color;
- Partnering with civil and human rights organizations like the National Urban League, UnidosUS, and OneTen to develop apprenticeship and employment opportunities for students and people of color;

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137 Appraiser Diversity Initiative, https://www.appraisalinstitute.org/the-appraisal-profession/appraiser-diversity-initiative/.

138 The Appraisal Foundation has begun an initiative to conduct outreach to Historically Black Colleges and Universities as well as Latino-serving institutions. *See* The Appraisal Foundation, *Promoting Diversity in the Appraisal Profession*, https://appraisalfoundation.sharefile.com/share/view/s07b3d65a193d47e6a626af02a7aad265.

- Implementing accountability measures that match diversity goals with compensation outcomes; and
- Establishing partnerships with real estate affinity groups such as the National Association of Real Estate Brokers, National Association of Hispanic Real Estate Professionals, Asian Real Estate Association of America, and the National Association of Minority Mortgage Bankers of America.

As various groups marshal their resources to encourage women and people of color to enter the appraisal profession, it is worth discussing how the industry can ensure that new entrants are joining a profession that is viable, sustainable, and focused on the future. A disappointing result would be to create a robust pipeline of women and appraisers of color who are not prepared for tomorrow's challenges, particularly in the areas of technology, automation, and artificial intelligence. At one PAVE Listening Session, a participant remarked that "it's difficult to convince people to enter a costly profession that seems to be becoming more automated." A review of the appraisal materials and public meetings found little to no discussion of the role of technology or any committees set up to inform and prepare appraisers for this future. At this time, the GSEs' policies mainly focus on full appraisals by human appraisers, but that could change at any time. Indeed, the GSEs are experimenting more and more with appraisal waivers, automated valuation models, and artificial intelligence. Just recently, the Acting Director of FHFA announced that the GSEs will incorporate desktop appraisals into their guides for many new purchase loans starting in early 2022.[139]

Recommendation

The Appraisal Foundation and other appraiser organizations should continue and expand their outreach to women and people of color. In addition, The Appraisal Foundation and other appraisal organizations should monitor the demographics of individuals entering the profession or renewing their credentials and share this information publicly to ensure that the demographics of the profession are more transparent. Finally, appraiser organizations should ensure that new professionals are prepared for the future with respect to the use of technology, automation, and artificial intelligence.

[139] Sandra L. Thompson, FHFA Acting Director, 2021 Mortgage Bankers Association Annual Convention, https://www.fhfa.gov/Media/PublicAffairs/Pages/Prepared-Remarks-of-Sandra-L-Thompson-Acting-Director-FHFA-at-the-2021-MBA-Annual-Convention-and-Expo.aspx.

F. Compliance and Enforcement

The appraisal industry's byzantine regulation structure has created gaps, resulting in the appraisal industry being far behind other areas of the mortgage market in understanding fair housing risk, developing robust compliance programs, and creating useful accountability and enforcement systems. Below is a discussion of the following areas that could be improved to ensure that the appraisal industry is part of a fair and equitable housing market:

- Need for data
- Development of robust compliance programs
- Duty of care: appraiser accountability
- Reconsideration of value process

Need for Data

We received almost universal feedback from industry organizations, researchers, and fair housing advocates calling on FHFA and the GSEs to dedicate the necessary resources for the development of a strategy and process for public release of appropriate elements of the extensive property valuation dataset that is now maintained by the GSEs. Since the 2010 launch of the Uniform Mortgage Data Program, which included the Uniform Collateral Data Portal, industry stakeholders have served as critical business partners supporting the success of this work. This dataset could be further enhanced by coordinating with the Federal Housing Administration and the Veterans Administration to include the information on appraisals for properties financed by these agencies.

The accumulation of such a vast amount of data on properties across the United States– data that is verified by repeat sales and that provides insight on changes in the characteristics or condition of properties over time– is extremely valuable for a variety of stakeholders, including appraisers and appraisal management companies, lenders and servicers, mortgage and title insurance companies, investors and rating agencies, civil rights and advocacy groups, data analytics providers, and academics and researchers.

Providing access to this dataset could revolutionize the appraisal industry and the housing market. In particular, such information could shed light on whether any aspect of the appraisal process or other factors may produce valuation disparities and/or contribute to discrimination against borrowers of color. Moreover, the data has the potential to enhance transparency and risk management practices, and also to allow industry partners to more effectively evaluate whether their appraisals include identifiable sources of bias. Currently, the analytic capabilities of various types of industry stakeholders are considerable but limited by the quantity and scope of the data available to them. Releasing this data would create the opportunity to contribute to a housing finance ecosystem that has collateral models that are more reliable, predictable, and equitable. It may also lead to improvements in the data reported and utilized by appraisers themselves, making appraisals more accurate and thereby reducing fair housing risk and credit risk.

We also received feedback from several sources that it is currently impossible to track complaint trends and to identify appraisers (or appraisal management companies) who are consistently providing deficient or potentially discriminatory appraisals. There is currently no universal or national public database that provides access to such complaint information.[140] Therefore, lenders, appraisal management companies, and consumers cannot determine if complaints have been lodged against a particular appraiser. For example, a lender may have had one problem valuation from a particular appraiser but may not realize that the appraiser has had complaints in connection with appraisals for other lenders. This makes it difficult for lenders or appraisal management companies to identify potential problem appraisers and take appropriate compliance management measures.

Recommendation

Government, the GSEs, lenders, appraisers, researchers, and civil rights/consumer advocates should strategize and work together for the release of appropriate elements of the appraisal data sets to reduce bias and develop more robust compliance and monitoring systems. In addition, after public input and collaboration, a public repository and accessible database of complaints involving appraisals for mortgage lending should be developed to identify trends in the filing of complaints, including instances of alleged discrimination, and to identify appraisers and appraisal management companies that may be engaging in repeatedly deficient or discriminatory appraisal activity.

Development of Robust Compliance Management Systems

Those we interviewed that worked outside of the appraisal industry expressed surprise and concern to learn that there are virtually no fair housing compliance management systems for appraisals. Fair housing and fair lending reviews are routine features of the compliance management system for most entities that operate in the mortgage market, and are key components of the federal financial regulators' risk assessments.[141] Moreover, we learned that lenders that have to compensate the GSEs for repurchases based on faulty appraisals, rarely hold the appraisers accountable. Thus, some appraisers may be under the misimpression that their appraisals are without error or bias when in fact their appraisals have had serious consequences for the GSEs, lenders, or borrowers. Given the broad discretion that an appraiser has to determine the value of an individual homeowner's largest financial asset and the importance of protecting the lender's collateral, it was surprising to learn that fair housing compliance management systems are not routine for appraisers, appraisal management companies, lenders, or the GSEs.

Fortunately, the work that began decades ago to control for fair housing and fair lending risk in mortgage underwriting and pricing as well as homeowners' insurance may provide a useful

[140] Pursuant to the requirements of FIRREA (12 U.S.C. § 3332), the Appraisal Subcommittee maintains a national registry of certified and licensed appraisers who are eligible to perform appraisals for federally related transactions, which indicates whether an appraiser's credential is currently suspended, revoked, or surrendered in lieu of a state disciplinary action. The repository described here would be more detailed in content and would include complaints not resulting in such specific actions. It would more likely resemble the database maintained by the Consumer Financial Protection Bureau of complaints about consumer financial products and services.
[141] *See, e.g.*, FFIEC, *Interagency Fair Lending Examination Procedures* (2009), https://www.ffiec.gov/PDF/fairlend.pdf.

roadmap for the appraisal industry. While these mortgage and insurance compliance management systems are not perfect, they have advanced significantly to provide workable solutions based on data science. At this time, the appraisal process is not standardized and data-driven in a manner that facilitates a review for fair housing compliance. Much like the mortgage and insurance industries of decades ago, it is likely that lenders and the appraisal industry will need to expend significant effort in understanding and isolating the steps in the valuation process as well as determining the risks of discrimination and appropriate controls to mitigate those risks.[142] Following is a list of some of the areas to explore to develop the much-needed robust fair housing compliance management systems for appraisal processes:

- Of the various valuation approaches (e.g., the sales comparison approach and the cost approach), which is the most predictive in terms of accurately valuing the home to protect the lender's collateral and to protect the financial value for the borrower, including borrowers of color?
    - For example, in the lending context, it is routine for lenders to evaluate whether the underwriting model is accurate in predicting default. Responsible lenders will also determine whether there are less discriminatory alternative models that reach more borrowers of color while still achieving similar accuracy.[143]

- For the valuation approach selected, which variables are used to determine value? How can each variable be analyzed for disparate treatment or disparate impact? Are there consistent policies and procedures for determining each variable (such as distance from the subject property, selection of comparables, the determination of square footage, the valuation of improvements)?
    - For example, in the lending context, it is routine for lenders to determine which variables go into the underwriting decision, whether the variable explicitly uses a prohibited basis, whether the variable serves as a proxy for a prohibited basis,

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[142] *See, e.g.*, Jonathan Rothwell and Andre M. Perry, *Biased Appraisals and The Devaluation of Housing in Black Neighborhoods*, The Brookings Institution Metropolitan Policy Program (Nov. 17, 2021), https://www.brookings.edu/research/biased-appraisals-and-the-devaluation-of-housing-in-black-neighborhoods/?utm_campaign=Brookings%20Brief&utm_medium=email&utm_content=184613964&utm_source=hs_email (stating that there is "a need for comprehensive reforms to the appraisal industry, which, even setting aside potential racial bias, relies upon ad hoc valuation methods that fail to incorporate advances in data science"); Faith Schwartz, *Three Keys to the Future of Appraisals*, MBA Newslink (Nov. 18, 2021), https://newslink.mba.org/mba-newslinks/2021/november/mba-newslink-thursday-nov-18-2021/faith-schwartz-of-housing-finance-strategies-three-keys-to-the-future-of-appraisal/?utm_campaign=MBA%20NewsLink%20Thursday%20Nov.%2018%202021&utm_medium=email&utm_source=Eloqua (stating that "[i]t goes without saying that many industry stakeholders will resist automation and technology enhancements to the appraisal process. That same reticence existed for underwriters when automated scoring systems were deployed."); Austin Brown, Isabelle Ord, and Noah Schottenstein, *Interagency Initiative Spotlights Fair Lending Compliance in Home Appraisals*, DLA Piper Financial Services Regulatory Alert (June 28, 2021), https://www.dlapiper.com/en/us/insights/publications/2021/06/interagency-initiative-fair-lending-compliance-in-home-appraisals/ (advising lenders to assess the adequacy of their fair lending compliance management systems with respect to appraisals).
[143] *See, e.g.,* Relman Colfax PLLC, *Fair Lending Monitorship of Upstart Network's Lending Model*, Initial Report of the Independent Monitor at 9(Apr. 14, 2021), https://www.relmanlaw.com/media/cases/1088_Upstart%20Initial%20Report%20-%20Final.pdf.

whether the variable has a disparate impact, and, if so, whether there is a less discriminatory alternative.[144]
    - Similarly, it is routine to determine whether loan underwriters are using variables consistently, and not using different methods for different populations on a prohibited basis.[145]

- For each variable, what data is used and does that data reflect historical discrimination? If so, is there a less discriminatory data set that can be used?
    - For example, in the lending context, the GSEs have recently recognized that allowing rental payment history to be used during the underwriting process may result in less discriminatory results.[146]

- Given FHFA's recent findings of thousands of potential race-related flags in the free-form text sections of appraisal reports,[147] are these sections necessary? If not, should they be eliminated to reduce discretion and fair lending risk? If so, how can lenders and appraisers develop systems to flag and disqualify appraisal reports that include inappropriate references (and possibly valuations) based on prohibited factors?

- To what extent can technology be used to facilitate a fairer, more objective process, including more reliable inputs for the variables?
    - For example, in the appraisal context, it has been suggested that 3D imaging may lead to more accurate and reliable measurements.[148]

- For the valuation method used, what are the risk factors that increase the risk that there is a discriminatory appraisal?
    - For example, in the mortgage underwriting and pricing context, the presence of discretion plus gross disparities would signal elevated risk requiring additional analysis to determine if there is a legitimate, non-discriminatory reason to explain the disparity.[149]
    - As another example, the Freddie Mac Research Note indicates that one indicator of risk may be the extent to which appraisals fall below the contract price in

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144 *See id* at 8-10.
145 *See* FFIEC, *Interagency Fair Lending Examination Procedures* at 19 (2009), https://www.ffiec.gov/PDF/fairlend.pdf.
146 *See* Fannie Mae, *Fannie Mae Introduces New Underwriting Innovation to Help More Renters Become Homeowners* (Aug. 11, 2021), https://www.fanniemae.com/newsroom/fannie-mae-news/fannie-mae-introduces-new-underwriting-innovation-help-more-renters-become-homeowners.
147 FHFA, *Reducing Valuation Bias by Addressing Appraiser and Property Valuation Commentary*, FHFA Insights Blog (Dec. 14, 2021), https://www.fhfa.gov/Media/Blog/Pages/Reducing-Valuation-Bias-by-Addressing-Appraiser-and-Property-Valuation-Commentary.aspx.
148 Faith Schwartz, *Three Keys to the Future of Appraisals*, MBA Newslink (Nov. 18, 2021), https://newslink.mba.org/mba-newslinks/2021/november/mba-newslink-thursday-nov-18-2021/faith-schwartz-of-housing-finance-strategies-three-keys-to-the-future-of-appraisal/?utm_campaign=MBA%20NewsLink%20Thursday%20Nov.%2018%202021&utm_medium=email&utm_source=Eloqua.
149 *See* FFIEC, *Interagency Fair Lending Examination Procedures* at 19 (2009), https://www.ffiec.gov/PDF/fairlend.pdf.

census tracts of color versus majority White census tracts.[150] This risk factor could be monitored for individual appraisers as well as across appraisers.

- How can the compliance management system be designed to systematically monitor for risk factors and take graduated remediation steps to prevent a violation of federal, state, or local fair housing and fair lending laws?
    - For example, in the lending context, some lenders have developed systems that detect the risk of mortgage brokers engaging in discriminatory pricing. The lenders can use graduated remediation steps to address concerns, such as through additional fair lending training, suspension, and even termination.

Recommendation

Government, the GSEs, lenders, appraisers, researchers, and civil rights/consumer advocates should use knowledge of data science and appropriate examples from the mortgage and homeowners' insurance industries to develop more robust compliance management systems to monitor, remedy, and prevent fair housing risk and/or violations in appraisals.

Duty of Care: Appraiser Accountability

Fair housing organizations providing advocacy assistance to borrowers indicated in interviews that whether valuations are incorrect as the result of discrimination or as the result of professional negligence can be difficult to determine or prove in some cases. For this reason, when legal claims are made by aggrieved borrowers, such borrowers will often assert alternative claims – that the appraiser either engaged in discriminatory conduct in violation of the Fair Housing Act and other protective laws or that the appraiser negligently performed the appraisal and should be liable for professional negligence. Given the evidence of disparate valuations of properties located in neighborhoods with greater concentrations of people of color versus predominantly White neighborhoods, it is also plausible that in addition to issues stemming from racial bias, appraisals in neighborhoods of color also suffer from more frequent instances of professional negligence.

Appraisers, however, generally have little legal accountability under applicable case law to borrowers for negligence-based claims. It is difficult for a borrower to establish a legal claim for negligence against an appraiser and to recover monetary damages – even when demonstrable errors can be shown in their appraisals. A primary reason for this is that with respect to appraisals performed for mortgage lending purposes, the borrower is not the "client" of the appraiser nor generally identified as an additional "intended user" of the appraisal, as those terms are defined in the USPAP Standards and used by appraisers in their appraisal reports. Within the USPAP Standards, a "client" is the party who engages the appraiser for an assignment – this is the lender in the context of a mortgage lending appraisal. "Intended users" are, in addition to the client, those parties whom the appraiser has identified "by name or type" as users of the appraisal report.

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[150] Melissa Narragon, et al., *Racial and Ethnic Valuation Gaps in Home Purchase Appraisals*, Freddie Mac Economic and Housing Research Note (Sept. 2021) ("Freddie Mac Research Note"), http://www.freddiemac.com/fmac-resources/research/pdf/202109-Note-Appraisal-Gap.pdf.

These two terms are keys to determining whether an appraiser may have legal responsibility to a borrower for damages resulting from a negligently performed appraisal. Neither the USPAP Standards themselves nor any state or federal statutes (including FIRREA) establish any right of a private party to sue for damages over negligent appraisals or for violations of the USPAP Standards.[151] Professional negligence claims against appraisers, as with most other areas of professional negligence, are instead generally a matter of state common law. The elements of a professional negligence under state common laws are similar in most states and typically require that the plaintiff establish three elements:

> Legal duty. That the defendant appraiser owed a legal duty of care to the plaintiff.
> Breach of duty. That the defendant appraiser breached that duty of care (for a mortgage appraisal, the duty of care – or standard of care – would generally include compliance with the USPAP Standards).
> Resulting damage. That the plaintiff suffered damage as a proximate result of the appraiser's breach of the duty of care.

Under common law, as developed in most states, a professional such as an appraiser will only owe a duty to those parties the professional intends or knows will rely on his or her work product. The intended user language in appraisal reports is, thus, often viewed by courts deciding appraiser negligence cases as a prime factor in determining the parties to whom an appraiser owes a duty of care. A recent California appellate case[152] illustrates this point: the residential appraiser engaged by a lender for a borrower's purchase loan made an error in her appraisal by misidentifying the home as one of modular construction, rather than as a manufactured home. This mistake resulted in an inflated appraisal because older manufactured homes had far less value. The borrowers claimed in their lawsuit that they had relied on the appraisal in making their purchase decision and in taking on the mortgage debt, and that they had suffered damages based on the appraiser's mistake. The California appellate court upheld the trial court's dismissal, holding that the appraiser owed no legal duty to the borrowers because they were not intended users of the appraisal.[153]

Within the USPAP Standards, the commentary to Standards Rule 2-2 states that:

> A party [such as a borrower] receiving a copy of an Appraisal Report . . . does not become an intended user of the appraisal unless the appraiser identifies such party as an intended user as part of the assignment.

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[151] *See, e.g.*, *Bolden v. KB Home*, 618 F. Supp. 1196 (C.D. Cal. 2008) (holding that "there is no private right of action under the FIRREA to enforce the USPAP").

[152] *Tindell v. Murphy*, 22 Cal.App.5th 1239 (2018).

[153] It is relevant to note also that mortgage lenders themselves generally have little legal responsibility to borrowers for negligently performed appraisals. As a California appellate court explained: "a financial institution acting within the scope of its conventional activities as a lender of money owes no duty of care to a borrower in preparing an appraisal of the security for a loan when the purpose of the appraisal simply is to protect the lender by satisfying it that the collateral provides adequate security for the loan." *Nymark v. Heart Fed. Savings & Loan Assn.*, 231 Cal.App.3d 1089, 1092 (1991). *See also* Kelly v. Regions Bank, No. 3:11cv252-MCR/EMT (N.D. Fla. Sep. 27, 2013) ("a lender owes no duty of care to its borrower in appraising the borrower's collateral to determine if it is adequate security for the loan").

Fair housing advocates have suggested that guidance be given to appraisers within the USPAP Standards so that mortgage borrowers would be identified as intended users of the appraisal. One of the appraisal organizations interviewed for this study also supported that notion. Instructions within the USPAP Standards with respect to this issue would increase the accountability of appraisers to borrowers who have been injured by undervaluation and other appraisal errors and omissions.

Recommendation

Fair housing advocates working on behalf of borrowers indicate that fair housing legal issues in appraisals often overlap with appraiser professional negligence. Because appraisers' legal accountability for professional negligence under applicable case law typically extends only to those parties whom the appraiser has identified as "intended users" within the meaning of USPAP Standards and because appraisers generally do not identify borrowers as such intended users, appraisers often have no legal accountability to borrowers for instances of negligence. To increase the accountability of appraisers to borrowers who have been injured by appraisal negligence, the Appraisal Standards Board should consider amending the USPAP Standards to require appraisers to identify mortgage borrowers as "intended users" of appraisals prepared in relation to residential mortgage transactions.

Reconsideration of Value Process

With near uniformity, interviews conducted for this report with fair housing organizations and appraisal organizations pointed to what is termed the Reconsideration of Value (or "ROV") process as a point of frequent breakdown in the ability of borrowers -- whether persons of color or otherwise -- to obtain appraisals that they believe are accurate. Reconsideration of Value is the term used by the residential appraisal industry for the process by which a party involved in a lending transaction – most often a prospective borrower – who disagrees with an appraiser's opinion of value may submit information for the appraiser to consider. The information is generally given to the lender or appraisal management company and then provided by those entities to the appraiser. The information submitted often includes other property sales that may be comparable or specific information about the characteristics of the subject property such as square footage or improvements that are different than stated in the appraiser's original report. The appraiser then determines if a change to his or her opinion of value is warranted, and the appraiser's position is communicated back to the party who submitted the ROV.

Appraisal organizations reported in interviews that the ROV process varies highly among lenders and appraisal management companies. No current federal laws or regulations prescribe the ROV process. The general subject of communicating with appraisers performing appraisals for residential lending is touched on in the Appraisal Independence Requirements enacted by the Dodd-Frank Act as changes to the Truth in Lending Act ("TILA"), 15 U.S. Code § 1639e, and in Regulation Z, which implements TILA; however, these requirements as well as similar "Appraiser Independence Requirements" adopted by Fannie Mae and Freddie Mac are limited to prohibitions against coercion and intimidation of appraisers, rather than establishing a uniform process for borrowers or other parties to seek correction of inaccurate valuations. As such, no enforceable requirements or standards exist for how appraisers are to consider ROVs or what information appraisers, lenders, or appraisal management companies) should provide to borrowers in response to an ROV (outside of the Veterans Administration's process utilized for the veterans' loan program discussed below).

Fair housing advocates have reported that borrowers raising concerns with respect to discrimination often felt that borrowers' efforts to seek correction – or even simply to receive explanations supporting valuations – were not fairly considered and that the results seemed arbitrary and opaque, without transparency into the decision-making process. The ultimate reconsideration and the detail of any response are left to the individual discretion of the appraiser, with reported responses often being as uninformative as "the appraiser's opinion of value stands." The recent HUD Conciliation Agreement discussed earlier in this report in which the bank agreed to revise its ROV process and to educate its representatives[154] as well as other publicized instances of alleged discrimination confirm that problems with the ROV process arise frequently when borrowers perceive that racial bias is at issue in a valuation.

Several interviewees pointed to the process referred to as the "Tidewater Procedure" that has been adopted by the Veterans Administration ("VA") in connection with its loan guaranty program as providing an effective process for handling appraisals that are expected by the appraiser, upon initial development, to result in a valuation under the sales price of a home being purchased by a veteran borrower.[155] Under the VA's process, when an appraiser expects that a valuation will be below the sales price and thus may imperil the veteran borrower's ability to obtain a VA-guaranteed loan, the appraiser is required to inform the borrower's designated point of contact to request additional information that may support the sales price. The appraiser is then required to consider that information and, if it does not change the appraiser's valuation, the appraiser is required to include an addendum to the appraisal report describing the information that was collected and explaining why it did not change the opinion of value.[156] If the veteran still believes the valuation to be incorrect, the veteran may then submit a reconsideration request that VA staff, rather than the appraiser, will review within five business days. Appraisal organizations pointed to the VA process as creating a better formalized method for receiving input from borrowers (and their points of contact, such as real estate agents and loan officers) and also increasing the reliability of appraised values.

Recommendation

A "reconsideration of value" is the term used to describe the *ad hoc* process by which borrowers challenge appraisal values. It is a process that varies highly from lender to lender and that is without any legal structure. Fair housing advocates indicate that lack of fair consideration and clear communication in the process often occurs at the beginning of fair

[154] HUD, *Conciliation Agreement between Complainant and JPMorgan Chase Bank, N.A.*, FHEO No. 05-21-0635-8 (HUD March 8, 2021), https://www.hud.gov/press/press_releases_media_advisories/hud_no_21_037.

[155] The VA refers to the procedure as "Tidewater" because it was first developed and tested in the tidewater region of coastal Virginia.

[156] The Tidewater process is described in VA Circular 26-03-11, https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_03_11.pdf and Ch. 10, Topic 8, of the VA Lenders Handbook, https://benefits.va.gov/warms/pam26_7.asp. *See also*, *Reconsideration of Value*, Ch. 10, Topic 22, VA Lenders Handbook, https://benefits.va.gov/warms/pam26_7.asp.

housing claim situations. Government, the GSEs, lenders, and The Appraisal Foundation should develop standards and guidance for appraisers regarding the fair handling of and increasing the transparency and accountability in the Reconsideration of Value process.

G. Conclusion

An appraiser has the unique power to determine the value of a home, which for most Americans, is their single most important financial asset and holds the key to wealth, stability, and opportunity for their family and generations to come. In addition, home values affect the tax base, school funding, and community investments. Moreover, time and again, our nation's economy and financial markets have been significantly impacted by home valuations, with communities of color often bearing the brunt of failings in the mortgage market and the home appraisal process. Given the importance of homeownership to American families, particularly families of color, governmental and private organizations have called for reforms and a comprehensive examination of the structure and governance of the appraisal industry.

In response to these calls for reform, we have assembled the research and recommendations in this report. We urge federal and state governmental entities, The Appraisal Foundation, the GSEs, lenders, appraisers, researchers, and civil rights and consumer advocates to work together to address the concerns raised in the report, including:

- **Questions About the Governance of the Appraisal Industry**
- **Gaps in Fair Housing Requirements and Training**
- **Barriers to Entry to the Appraisal Profession**
- **Compliance and Enforcement**

We hope that this report will encourage conversations among key stakeholders in the appraisal and housing industries to seek workable, sustainable solutions that benefit the whole of the housing market, including borrowers of color.

H. Glossary of Acronyms

Appraiser Criteria	Real Property Appraiser Qualification Criteria
Board	Board of Governors of the Federal Reserve
CLEAR	Council on Licensure, Enforcement and Regulation
CFPB	Consumer Financial Protection Bureau
DOJ	U.S. Department of Justice
DPC	White House Domestic Policy Council
ECOA	Equal Credit Opportunity Act
FDIC	Federal Deposit Insurance Corporation
FHFA	Federal Housing Finance Agency
FFIEC	Federal Financial Institutions Examination Council
FIRREA	Financial Institutions Reform, Recovery, and Enforcement Act of 1989
GAO	General Accounting Office
GSEs	Government-Sponsored Enterprises; for purposes of this report, the GSEs refer to Fannie Mae and Freddie Mac
HOLC	Home Owners Loan Corporation
HUD	U.S. Department of Housing and Urban Development
NCUA	National Credit Union Administration
NFHA	National Fair Housing Alliance
OCC	Office of the Comptroller of the Currency
OTS	Office of Thrift Supervision
PAREA	Practical Applications of Real Estate Appraisal
PAVE	Interagency Task Force on Property Appraisal and Valuation Equity
ROV	Reconsideration of Value
TILA	Truth in Lending Act
USPAP Standards	Uniform Standards of Professional Appraisal Practice
VA	Veterans Administration

Appendix I

<u>Author Summary Biographs</u>

Maureen Yap -
As Senior Counsel, Maureen Yap helps lead NFHA's Public Policy and Enforcement efforts related to fair lending, financial technology, mortgage policy, and housing finance reform. Ms. Yap, who has been in the fair housing and fair lending field since 1995, previously worked on a range of civil rights and consumer protection issues at the Federal Reserve Board, including leading the Board's Fair Lending Enforcement Section and founding the Unfair and Deceptive Acts or Practices (UDAP) Section. She was also an Associate at the law firms of Relman Colfax PLLC and Buckley LLP.

Peter Christensen -
Peter Christensen is an attorney and has been a member of the California bar since 1993. His law practice is focused on real estate valuation matters. His clients are primarily appraisal firms, management companies and valuation technology providers, as well as businesses that use appraisal services such as lenders and institutional investors. Mr. Christensen is the author of *Risk Management for Real Estate Appraisers and Appraisal Firms*, published by the Appraisal Institute.

Prior to his current legal practice, Mr. Christensen was the general counsel of the largest insurance administrator for professional liability insurance to real appraisers and valuation firms in the U.S. He earlier practiced law with the firms Latham & Watkins LLP and Irell & Manella LLP in California. Mr. Christensen earned both his B.S. in business administration and his law degree at the University of California at Berkeley.

Stephen M. Dane -
Stephen M. Dane is a nationally recognized civil rights lawyer, particularly in the areas of fair housing, fair lending, and insurance discrimination. Mr. Dane was lead counsel for the plaintiffs in the class action litigation Toledo Fair Housing Center v. Nationwide Mutual Insurance Co. ($5.35 million settlement) and was co-counsel for the plaintiffs in HOME of Richmond v. Nationwide Mutual Insurance Co. ($100.5 million jury verdict). He has been lead counsel in precedent-setting cases involving appraisal bias issues. Mr. Dane is the author of many articles and book chapters in the field of fair housing, most recently Fair Housing Policy Under the Trump Administration, Human Rights Magazine, Vol. 44, No. 3 (Dec. 6, 2019). Mr. Dane is listed in *The Best Lawyers in America* in the field of Civil Rights. He is also the former editor of the Civil Rights Insider, the award-winning quarterly eNewsletter of the Federal Bar Association's Civil Rights Law Section.

Morgan Williams -
Morgan Williams is responsible for leading NFHA's strategic and tactical legal initiatives and affairs. Mr. Williams leads NFHA's efforts to pursue pioneering litigation under the federal Fair Housing Act, often utilizing testing-based evidence and working in partnership with NFHA's network of local fair housing centers. He coordinates NFHA's actions to file amicus briefs to promote sound fair housing jurisprudence. Mr. Williams also provides training and technical

support to local fair housing centers across the country on investigation and enforcement strategies, as well as training to housing providers and servicers on a range of complicated and emerging topics. In addition, he assists with NFHA's federal public policy advocacy, in coordination with legislative offices and federal agencies, and helps local advocates address state and local legislative matters.

Lisa Rice -
Lisa Rice is the President and CEO of the National Fair Housing Alliance (NFHA), the trade association for over 200 member organizations throughout the country and the nation's only national civil rights agency solely dedicated to eliminating all forms of housing discrimination. Ms. Rice has over 35 years of experience in enforcing the nation's fair housing laws and has worked to establish precedents in the areas of appraisal bias, algorithmic fairness, lending and insurance redlining, and real estate issues. Ms. Rice is a published author and serves on the Board of Directors for the Leadership Conference on Civil and Human Rights, Center for Responsible Lending, and FinRegLab's, as well as the JPMorgan Chase Consumer Advisory Council, Mortgage Bankers Association's Consumer Advisory Council, Freddie Mac Affordable Housing Advisory Council, Quicken Loans Advisory Forum, Bipartisan Policy Center's Housing Advisory Council, and The Terner Center Advisory Council at Berkeley University.

Scott Chang -

Scott Chang is Senior Counsel at the National Fair Housing Alliance (NFHA) and helps lead the organization's fair housing and lending compliance, training, enforcement, and policy efforts. Prior to joining NFHA in September, Mr. Chang was Litigation Director at the Housing Rights Center of Los Angeles, California. He also previously served as Counsel at Relman Colfax LLC in Washington, D.C., and as an attorney at Brancart & Brancart, a law firm specializing in fair housing issues. Even before starting his new role at NFHA, Mr. Chang worked for years with the organization on projects and cases involving, among other issues, real estate sales discrimination.

Kohtz, Tyler

From: Dave Bunton <news@appraisalfoundation.org>
Sent: Tuesday, February 1, 2022 9:19 AM
To: Kohtz, Tyler
Subject: FEBRUARY NEWSLETTER: Applications are open for the Board of Trustees

NEWSLETTER

The Appraisal FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

Dear Tyler,

The start of the new year always means the opening of the application process for the Board of Trustees. The folks who make up the Foundation's Board of Trustees play a critical role providing financial support and oversight to our two independent boards, the Appraiser Qualifications Board and the Appraisal Standards Board.

The Trustee Nominating Committee is now accepting applications to fill three at-large positions. These three-year terms will begin on January 1, 2023.

The Appraisal Foundation is committed to welcoming a diverse, new generation of appraisers to the profession that is reflective of the United States, and we are working to also reflect that diversity in our boards.

Foundation Board of Trustees members have included individuals from all appraisal disciplines, users of appraisal services, former appraiser regulators, academics, business leaders and community advocates.

If you are interested, we hope you will consider applying or sharing this application with any potential candidates who you think would be a good fit to serve on our Board of Trustees. **Applications are due on March 1, 2022**.

Sincerely,

Dave Bunton
President

Updates from the ASB

The Second Exposure Draft of proposed changes to the 2023 USPAP is now available. Click **here** to view the exposure draft. **Public comments** are now open and will be accepted until February 6th.

In This Newsletter

Upcoming Events

February 17: ASB Public Meeting

Helpful Resources

7-Hour Course and Reference Manual FAQs

Contact Us

T 202-347-7722

info@appraisalfoundation.org

www.appraisalfoundation.org

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The ASB's next public meeting will be held on February 17th.
Click here to register to attend.

Updates from the AQB

The AQB has released five new Q&As covering:

- The Appraisal Experience Log and Successful Completion of a PAREA Program
- Completing An Appraisal Without a Client (for Experience Credit)
- Hybrid Course Offerings
- PAREA & Geographical Competency
- Verifying Qualifying Education after the Successful Completion of a PAREA Program

Click here to access these new Q&As.

Appraiser Talk

The Appraisal Foundation's podcast Appraiser Talk releases it's newest episode every Monday.

You can check out a full list of published podcasts and listen to each episode here. Click here to sign up to receive a notification each time a new episode is published.

You can subscribe to Appraiser Talk on Spotify, Apple Podcasts or wherever you get your podcasts. If you have a question you'd like to hear answered on the show, email it to Amy Timmerman at amy@appraisalfoundation.org.

Share this Newsletter

Click here to get a shareable link of this month's newsletter to share on social media.

About The Appraisal Foundation

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at www.appraisalfoundation.org.

Kohtz, Tyler

From: The Appraisal Foundation <news@appraisalfoundation.org>
Sent: Monday, January 24, 2022 1:57 PM
To: Kohtz, Tyler
Subject: NOW OPEN: Board of Trustees Call for Applications

ANNOUNCEMENT

The Appraisal FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

Call for Applicants

Board of Trustees

Application Deadline is March 1, 2022

The Appraisal Foundation announced today that it is seeking qualified candidates to fill three at-large trustee positions for its governing body, the Board of Trustees, with one incumbent eligible for re-election. The individuals elected will serve three-year terms beginning on January 1, 2023.

“Advancing public trust in the appraisal profession is the core mission of The Appraisal Foundation, and that work is dependent on the leadership of the Board of Trustees,” said David Bunton, president of The Appraisal Foundation. “This is an opportunity for stakeholders with a deep interest in the appraisal profession and leadership and non-profit management experience to shape the future of the Foundation and the profession amidst a rapidly changing world.”

The Board of Trustees provides financial support and oversight to the Foundation’s two independent boards, the Appraiser Qualifications Board and the Appraisal Standards Board. The Board meets twice a year, and while Trustees are reimbursed for travel expenses, they are not compensated for their time.

The Board of Trustees includes individuals from all appraisal disciplines, users of appraisal services, former appraiser regulators, academics, business leaders and community advocates. The Appraisal Foundation believes that diversity enhances the quality of its boards. When evaluating candidates, the Trustee Nominating Committee will seek to choose qualified candidates who contribute to creating a diverse Board.

Completed applications for Board vacancies must be received by March 1, 2022. Please contact Board and Councils Program Manager Arika Cole at 202.624.3072 or via email at arika@appraisalfoundation.org with any questions about the application process.

About The Appraisal Foundation

The Appraisal Foundation is the nation's foremost authority on the valuation profession. The organization sets the Congressionally-authorized standards and qualifications for real estate appraisers, and provides voluntary guidance on recognized valuation methods and techniques for all valuation professionals. This work advances the profession by ensuring appraisals are independent, consistent, and objective. More information on The Appraisal Foundation is available at www.appraisalfoundation.org.

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The Appraisal FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications
APPRAISER QUALIFICATIONS BOARD

Appraiser Qualifications Board Q&A

Issue Date: January 21, 2022

Completing An Appraisal Without a Client (for Experience Credit)

Question:
In reviewing my experience hours needed to upgrade my credential, my state regulatory agency concluded I was a few hours short of what I needed. They will allow me to complete an "appraisal without a client" so I can reach the number of experience hours I need. What is an "appraisal without a client?"

Answer:
The *Real Property Qualification Criteria*, and specifically section V.D. of the Criteria Applicable to All Appraiser Classifications states:

> *There need not be a client in a traditional sense (e.g., a client hiring an appraiser for a business purpose) in order for an appraisal to qualify for experience. Experience gained for work without a traditional client can meet any portion of the total experience requirement.*

In other words, you do not have to have a client contact you and ask you to perform an appraisal for their needs. Rather, you can perform an appraisal on a property, where the resulting appraisal report does not have a client who will use the report for any type of business purpose. The appraisal is comparable to a "demonstration report" where the goal is for the appraiser to demonstrate their competency.

While your state regulator concluded you would be able to obtain your few remaining hours of experience needed by following this section of the *Criteria*, the *Criteria* does allow for up to 100% of experience credit to be completed in this manner.

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APPRAISER QUALIFICATIONS BOARD

Appraiser Qualifications Board Q&A

Issue Date: January 21, 2022

Hybrid Course Offerings

Question:
What combination of delivery methods may I use to create a hybrid class?

Answer:
According to the *Real Property Qualification Criteria*, Section IIII Criteria Applicable to All Appraiser Classifications, section III. D.*:*

> *Hybrid courses, also known as blended courses, are learning environments that **allow for** both in–person and online (synchronous, or asynchronous) interaction {bold added for emphasis}*

While the *Criteria* allows for both in-person and online interaction, it does not exclude a hybrid course from also consisting of other combinations of the three delivery method types (classroom, synchronous, and asynchronous). However, when deciding which delivery methods to use, education providers must follow section III. D. 4. in the *Criteria* which states:

> *Hybrid courses meet class hour requirements if each of its sessions meet the requirement for the delivery method employed:*
>
> a. *in-person course sessions must meet III.A. and III.B.*
> b. *synchronous course sessions must meet III.A. and III.B.*
> c. *asynchronous courses sessions must meet III.A., III.B., and III.*D.1-3

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APPRAISER QUALIFICATIONS BOARD

Appraiser Qualifications Board Q&A

Issue Date: January 21, 2022

PAREA & Geographical Competency

Question:
I am a state regulator who is interested in understanding the goals of the PAREA program. When an appraiser successfully completes the program, will they be geographically competent to appraise in every area in my state?

Answer:
Geographic competency and the more general concept of "competency" itself, is a concept that is expressed in USPAP, and not in the *Real Property Qualification Criteria*. Rather, the *Criteria* has always focused on requiring an appraiser to be minimally qualified to complete appraisal related work.

Competency, including geographic competency, is something the appraiser gains continually over time as they work in a variety of different market areas and appraise different types of properties.

Once a state issues a credential to an appraiser, the credential allows the appraiser to complete appraisals across the entire state. The appraiser still has an obligation under USPAP to meet competency requirements, but those are separate issues which are outside of the *Criteria*.

The Appraisal FOUNDATION
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APPRAISER QUALIFICATIONS BOARD

Appraiser Qualifications Board Q&A

Issue Date: January 21, 2022

The Appraisal Experience Log and Successful Completion of a PAREA Program

Question:
As a state regulator, we are preparing to process an application for an individual who has a certificate indicating the successful completion of the Certified Residential Module of an AQB approved PAREA program. Our state allows PAREA to account for 100% of the experience requirement for the Certified Residential credential. However, the applicant has not submitted an appraisal experience log to be reviewed. Does the *Criteria* require the applicant to submit an appraisal experience log?

Answer:
If your state allows the successful completion of PAREA to account for 100% of the experience credit for the Certified Residential credential, then there is no additional requirement in the *Real Property Qualification Criteria* where the applicant would need to submit an experience log. An appraisal experience log is a requirement only when experience is obtained under Section V. "Generic Experience Criteria." If the experience is acquired under PAREA, then only Section VI "Practical Applications of Real Estate Appraisal" is applicable.

Currently, the *Criteria* allows a certification of completion of PAREA to account for 100% of the experience requirement for both the Licensed Residential (LR) and the Certified Residential (CR) credential. If the applicant is applying for Certified General (CG), or if your state does not allow PAREA for 100% experience, applicants may have logs for any experience obtained under a supervisor.

The Appraisal FOUNDATION

Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

APPRAISER QUALIFICATIONS BOARD

Appraiser Qualifications Board Q&A

Issue Date: January 21, 2022

Verifying Qualifying Education after the Successful Completion of a PAREA Program

Question:
As a state regulator we are preparing to process an application for an individual who has a certificate indicating the successful completion of the Licensed Residential Module of a PAREA program. According to *Criteria* guidelines, the applicant must have specific prerequisites for Qualifying Education (QE) prior to commencement of the PAREA program. In this instance, after we reviewed all the QE courses ourselves, we noted one of the QE courses the PAREA provider accepted as a prerequisite, was not approved in our state as a QE course.

Should the PAREA completion be invalidated for credentialing purposes?

Answer:
While the *Real Property Qualification Criteria* does not directly address this situation, if there is a deficiency in a component, the applicant should be given the opportunity to correct it. In this case, to satisfy the QE deficiency, the applicant must successfully complete the missing QE course. This component deficiency should not invalidate the entire experience.

According to Criteria Applicable to All Appraiser Classifications in section VI. in the *Criteria*, AQB-approved PAREA programs shall:

2. *Require participants to possess the following prerequisites prior to commencement of training.*
    a. *For the Licensed Residential Module: 150 hours of qualifying education as specified in the Required Core Curriculum for the Licensed Residential Real Property Appraiser classification.*
    b. *For the Certified Residential Module: 200 hours of qualifying education as specified in the Required Core Curriculum for the Certified Residential Real Property Appraiser classification; and*
        i. *Possession of a valid Licensed Residential Real Property Appraiser credential; or*
        ii. *Successful completion of an AQB-approved PAREA program for the Licensed Residential Real Property Appraiser classification;*

Therefore, it is the responsibility of the PAREA provider to ensure PAREA participants possess the prerequisite QE education prior to beginning a PAREA program. If this situation occurs, it is important you contact the PAREA provider and The Appraisal Foundation and alert them of this occurrence.

The PAREA provider will need to correct this issue. According to the PAREA Implementation Policies:

> *Complaints concerning the PAREA program content or the Providers of the program will be investigated by the AQB.*

Quarterly Update

November 2021

November 3, 2021: Analyst predicts home prices will keep rising.

November 3, 2021: AMC outlines appraisal workflow in whitepaper.

November 3, 2021: Appraiser Veteran outlines ways to recruit appraisers.

November 17, 2021*:* The Appraisal Foundation (TAF) Board of Trustees recently named new members to the Appraisal Standards Board (ASB) and the Appraiser Qualifications Board (AQB).

Melissa Bond of Kiln, Miss., and Nicholas Pilz of Winter Garden, Fla., were appointed to the ASB, and Karen Oberman of Des Moines, Iowa, Valerie Scott of Capitan, N.M., and Donna Vandervries of Portage, Mich., were appointed to the AQB, TAF announced.

Roberta Oullettee of Raleigh, N.C., was reappointed to the ASB, while William Fall of Perrysburg, Ohio, John Ryan of Newbury, Mass., and Brad Swinney of Austin, Texas, were reappointed to the AQB. Michelle Bradley and John Ryan will be chairs of the ASB and AQB respectively, while Tim Luke and Brad Swinney will be vice chairs of each board.

November 17, 2021: HUD Reinforces Appraisal Fair Housing Compliance and Issues Updated General Appraiser Requirements.

December 2021

December 1, 2021: The AQB has released a new Q&A on PAREA sequencing. Click **here** to read.

December 10, 2021: The AQB has adopted the 2022 *Criteria* which is now available on the *Criteria* webpage.

December 10, 2021: The AQB is willing to talk to your Board Members about PAREA. If your Board is interested, please contact them .

December 10, 2021: While a PAREA program has yet to be available, the AQB has, to date, received five preliminary concept proposals for PAREA programs. These potential providers have indicated they believe they may have a PAREA program available as early as next summer.

December 10, 2021: Here is an informal list of how the states see PAREA:

State	Status	LR	CR	CG

AARO Association of Appraiser Regulatory Officials

Alabama				
Alaska		[redacted]		
Arizona	Adopted by reference	100%	100%	50%
Arkansas				
California	Adopted (Partial)	50%	50%	25%
Colorado	Adopted (Full)	100%	100%	50%
Connecticut		[redacted]		
Delaware				
District of Columbia	Adopted by reference			
Florida	Waiting for a PAREA Program	[redacted]		
Georgia				
Hawaii				
Idaho				
Illinois	Waiting for a PAREA Program	[redacted]		
Indiana				
Iowa	Adopted (Full)	100%	100%	50%
Kansas				
Kentucky	In process of rulemaking	100%	100%	50%
Louisiana	Adopted by reference	[redacted]	100%	50%
Maine				
Maryland				
Massachusetts				
Michigan	Adopted by reference	100%	100%	50%
Minnesota	Adopted by reference	100%	100%	50%
Mississippi	Adopted by reference	100%	100%	50%
Missouri				
Montana	Adopted (Full)	100%	100%	50%
Nebraska	Legislation will be introduced in 2022 to incorporate PAREA			
Nevada				
New Hampshire				
New Jersey	Adopted (Full)	100%	100%	50%
New Mexico	In process of rulemaking	100%	100%	50%
New York				
North Carolina	Adopted by reference	100%	100%	50%
North Dakota	Adopted by reference			
Ohio	Adopted (Partial)	100%	67%	33%
Oklahoma	Adopted by reference	100%	100%	50%
Oregon				
Pennsylvania	Adopted (Partial)	[redacted]	25%	15%
Rhode Island	Waiting for a PAREA Program	100%	100%	50%
South Carolina	Waiting for a PAREA Program			
South Dakota	In process of rulemaking	100%	100%	50%
Tennessee	In process of rulemaking	100%	100%	50%
Texas	Adopted by reference	100%	100%	50%

Utah	Rulemaking in progress			
Vermont	Adopted by reference	100%	100%	50%
Virginia				
Washington				
West Virginia				
Wisconsin				
Wyoming	Waiting for a PAREA Program			

December 10, 2021: The Foundation staff with Board guidance and input of a panel of appraisers, regulators, and education providers, is building a course delivery mechanism approval for asynchronous courses that will be part of the Course Approval Program (CAP). Currently, CAP requires all distance education courses to have IDECC approval. However, on January 1, 2022, this requirement will change. Some of you are familiar with CAP and may be familiar with IDECC. This new delivery mechanism approval will be a robust alternative without the technological constraints of the current approval entities. The Board plans to launch the Delivery Mechanism Approval as an alternative that you may use for your asynchronous courses. Now that the Board is considering synchronous to be equivalent to classroom courses, you will not need IDECC approval for synchronous courses.

December 15, 2021: Freddie Mac reminded homeowners and mortgage servicers of its immediate disaster-relief options for those affected by tornadoes in Kentucky and the surrounding areas. Mortgage servicers may immediately leverage Freddie Mac's short-term forbearance programs to provide homeowners mortgage relief for up to 12 months without incurring late fees or penalties.

December 15, 2021: Solidifi launched its Appraiser Trainee Mentorship and Scholarship Program. As part of the program, the company will be joining the Appraiser Diversity Initiative as an advisor sponsor and in-kind sponsor that will provide scholarships and mentoring for new entrants to the appraisal profession.

December 20, 2021: Fannie Mae Approves ANSI Standards**.** Appraisers will be required to use the Square Footage-Method for Calculating: ANSI® Z765-2021 (American National Standards Institute®) Measuring Standard for measuring, calculating, and reporting gross living area (GLA) and non-GLA areas of subject properties for appraisals requiring interior and exterior inspections with effective dates of April 1, 2022 or later for loans sold to Fannie Mae. For more information, watch this video and check out this fact sheet.

Fannie Mae also updated the requirements on comparable sales for properties in newly built or recently converted condominium projects, subdivisions, or PUDs that have two to twenty units. If there are no settled or pending sales available, the appraiser is now permitted to provide three comparable sales from outside the subject's project or subdivision, provided the comparable sales are also from a similar type project, subdivision, or PUD. See the Additional Requirements here.

December 20, 2021: FHFA to back mortgages up to $970,800 in 2022.

January 1, 2022: The AQB released its Course Approval Program Policies and Procedures effective January 1, 2022.

January 3, 2022: The Second Exposure Draft of proposed changes to the 2023 USPAP is now available. Click here to view the exposure draft. Public comments are now open and will be accepted until February 6th.

January 3, 2022: The newest edition of the *Real Property Appraiser Qualification Criteria* is now effective. Click here for the Summary of Actions.

January 6, 2022: The AQB hosted a webinar to discuss the Second Exposure Draft.

January 18, 2022: GAO determines Residential Appraisals Need Waiver Procedures Defined

January 31, 2022: The American Society of Appraisers, Appraisal Institute, American Society of Farm Managers and Rural Appraisers, International Association of Assessing Officers, MBREA and National Society of Real Estate Appraisers have come together to present a new series of webinars on diversity, equity, and inclusion to its members.

The first webinar was held on January 31, 2022 and covered:

- The details of the Freddie Mac study
- How the three approaches to value inform an opinion of value, including each approach's strengths and weaknesses
- How comparable sale selection can lead to inadvertent effects on the opinion of value
- Can more work be done around comparable sale selection?
- Recognize how neighborhood or market area determinations are made, and how this definition can cause inadvertent negative impacts on the opinion of value

To submit a story, update, or announcement for the next quarterly newsletter, please send it to Brandy March at brandy.march@aaro.net. The next quarterly update will be sent around May 1, 2022.

Communications Committee: Jacqueline Olson, Chair, Stacey Williams, Co-Chair, Jodie Campbell, Kevin Cyrus, Allison McDonald, Craig Morley, Greg Stephens, Tamora Papas