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Appraisers are a popular topic in Congress - by Allan Cohen

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MBREA

Appraisers and real estate appraisers are a popular topic in Congress. I heard this and wondered why. It turns out that our work has deeper layers of oversight that are raising questions. United States House Committee on Financial Services, also referred to as the House Banking Committee, is watching appraisers and reading appraisal reports.

Why are they interested in appraisers?

Increasing numbers of bad reports and specifically misleading appraisals led to accusations of appraiser bias and blatant racial discrimination. Concern among regulators reached Congress and the White House throughout the past decade. In fact, President Biden made appraiser bias a prominent issue to be fixed during his presidency. Outrage and investigations now follow specific instances where black homeowners received low appraisal valuations and second appraisals came in higher when a second appraiser thought the same house was occupied by white homeowners. The Committee on Financial Services wants explanations.

According to the Rules of the House of Representatives, the Committee on Financial Services oversees the entire financial services industry, including the securities, insurance, banking and housing industries. The committee also oversees the work of the Federal Reserve, the United States Department of the Treasury, the U.S. Securities and Exchange Commission and other financial services regulators.

The committee currently has 55 members, 30 Democrats and 25 Republicans from Congress. Three members come from Massachusetts: Stephen Lynch, Ayanna Pressley, and Jake Auchincloss. Connecticut congressman Jim Hines is the only other New England congressman on the committee.

Though newly elected to Congress, Auchincloss was named vice chair. Overall chair is Rep. Maxine Waters, California.

Among its many broad responsibilities, the committee “ensures enforcement of housing and consumer protections.” Among its narrowest responsibilities, the committee concerns itself with quality and creditability of valuations.

Accusations of bad appraisal practices coming out of Washington prompted MBREA and other organizations, including the MA-RI-ME chapter of the Appraisal Institute, to re-think how we approach our responsibilities, how to restore the public’s trust, how to answer to Congress, and how best to diversify our profession. The MBREA’s Board of Trustees rapidly assembled the Valuation Bias Task Force, chaired by Marie Wentling. Task force members are Danyl Collings, Karen Friel, Terri Ostrander, Bill Pastuszek and Lisa Toback.

The MBREA’s Valuation Bias Task Force’s goals include immediate responses to the public, regulators, and appraisers. They want the public, including all homeowners, lenders and overseers

of financial services, to know MBREA is taking several steps, including open discussions of past appraiser bias, discrimination, and new training. Upcoming programs will help appraisers identify bias and keep it out of our reports and out of our opinions of market value.

MBREA's task force will present its action plan to its Board of Trustees and wider forum of appraisers in October. Also, on the schedule is a joint meeting of the task force and Government Affairs Committee.

Congressman Auchincloss will speak at the morning program of this year's New England Appraisers Expo (October 18) to discuss the Committee on Financial Services' oversight of appraisers and Washington's long-term plans to review the appraisal industry.

MBREA and other organizations have a follow-up event scheduled with the congressman in November. At the second meeting, MBREA's leadership will provide the congressman details of specific steps being taken to address racial bias and restore the public's trust in appraisers.

Allan Cohen, MRA is an appraiser and chair of MBREA's Government Affairs Committee.

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