

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

February 22, 2022

Honorable Marcia L. Fudge
Secretary
U.S. Department of Housing & Urban
Development
451 7th Street SW
Washington, DC 20410

Timothy Segerson
Appraisal Subcommittee Board Chairman
Deputy Director, Office of Examination and
Insurance
National Credit Union Administration
99 M Street SE, Suite 300
Washington, DC 20003

Jim Park
Executive Director
Appraisal Subcommittee
1325 G Street NW, Suite 500
Washington, D.C. 20005

David S. Bunton
President
The Appraisal Foundation
1155 15th Street, NW
Suite 1111
Washington, DC 20005

Pledger M. Bishop, III
President
Appraisal Institute
200 W. Madison, Suite 1500
Chicago, IL 60606

Secretary Fudge, Chairman Segerson, Mr. Park, Mr. Bunton, and Mr. Bishop:

During my time as Chairwoman, the House Committee on Financial Services has paid special attention to the racial inequities that continue to plague America's home valuation system, including through home appraisals, despite the passage of anti-discrimination laws.¹ National quantitative analyses from Freddie Mac² and scholars such as Drs. Andre Perry,³ Junia Howell, and Elizabeth Korver-Glenn⁴ have shown the systemic devaluation of homes experienced in communities of color, especially in Black-majority communities. This has been supported by data presented in numerous recent news media reports and lawsuits.⁵ Qualitative research from these scholars, as well as most recently from the National Fair Housing Alliance,⁶ has also shed light on

¹ Home appraisal discrimination based on race, color, sex, religion, national origin, familial status, disability, and age is illegal in the U.S. under the Fair Housing Act of 1968, the Equal Credit Opportunity Act of 1974, the Civil Rights Act of 1866, and various state and local laws.

² Freddie Mac, [Racial and Ethnic Valuation Gaps in Home Purchase Appraisals](#) (Sep. 2021).

³ The Brookings Institute, [The Devaluation of Assets in Black Neighborhoods: The Case of Residential Property](#) (Nov. 27, 2018).

⁴ Junia Howell and Elizabeth Korver-Glenn, [Neighborhoods, Race, and the Twenty-first-century Housing Appraisal Industry](#) (2018); Junia Howell and Elizabeth Korver-Glenn, [The Increasing Effect of Neighborhood Racial Composition on Housing Values, 1980–2015](#) (Sep. 4, 2020); Elizabeth Korver-Glenn, [Race Brokers: Housing Markets and Segregation in 21st Century Urban America](#) (2021).

⁵ Debra Kamin, [Black Homeowners Face Discrimination in Appraisals](#), New York Times (Aug. 25, 2020); Troy McMullen, [For Black homeowners, a common conundrum with appraisals](#), The Washington Post (Jan. 21, 2021); Julian Glover, [Bay Area Black, Latina real estate couple lowballed \\$250K in home appraisal](#), ABC 7 News (Feb. 23, 2021); NPR, [More Black Americans Call Out Housing Appraisal Process As Discriminatory](#) (May 19, 2021); The Real Deal, [Cashed out: Nonwhite homeowners denied access to refi bonanza](#) (Jan. 4, 2022); Tim Glaze, [HUD settles with JPMorgan over appraisal bias case](#), HousingWire (Mar. 9, 2021).

⁶ National Fair Housing Alliance, [Identifying Bias and Barriers. Promoting Equity: An Analysis of the USPAP Standards and Appraiser Qualification Criteria](#) (Jan. 2022).

the ways in which individual appraisers and the appraisal profession help perpetuate systemic and overt racism, highlighting statements made by appraisers as well as policies and practices that continue to be upheld by an appraisal profession that is 97% White.⁷

As an example of these ongoing trends, I am forwarding to you an email recently sent by an appraiser to Dr. Elizabeth Korver-Glenn, one of our nation's foremost experts on bias and discrimination in the housing appraisal industry. In his email, the appraiser characterizes "minority" children as "illigitimant" [sic] and "poorly educated" and refers to the names of Black people as "obserd" [sic]. He also states that "racism is not as prevalent as you might think," while ironically describing his racially segregated White neighborhood and pointing out the lack of investment in Black neighborhoods. Such statements cannot and should not be dismissed as "unconscious bias." They reveal and perpetuate the false stereotypes upon which racism was founded and continues to shape communities across our country today.

Moreover, the author of the email goes on to imply that appraisers and lenders will double-down on discriminatory practices against communities of color, by refusing to perform appraisals, the more that people continue to speak out about racism in the appraisal and housing industries – "Appraisers are being turned in nationally because of so called race. The trend of course will be to refuse the assignment. [...]As the cry wolf extreme for lending and appraisals ramps up, appraisers and lendings will simply run from these loans not wanting any conflict," a practice which is illegal under federal law.⁸

Some may say that the words of one appraiser do not reflect or represent the profession. However, years of data, ongoing research, and numerous settled lawsuits provide ample evidence to the contrary. The email I reference shines a spotlight on the racist stereotypes and harmful lines of thinking prevalent in an industry which systematically devalues the homes of Black people and other people of color. It does not reflect the ideals upon which our nation was founded nor the objectives of current statutory and regulatory standards. We can no longer turn a blind eye to the behaviors that make this inequity a reality.

Given this email incident and ongoing reports of appraisal discrimination, I will be introducing legislation to address systemic appraisal discrimination. Additionally, I ask that the Department of Housing and Urban Development investigate this matter and ask that you, Secretary Fudge, initiate a systemic fair housing investigation into housing valuation discrimination. I also call on the Appraisal Subcommittee, the Appraisal Foundation, and the Appraisal Institute to fully coordinate with State appraisal regulatory agencies and boards to conduct a full investigation into the incident described here, including whether any appraisals may have been improperly or incorrectly taken into consideration a prohibited basis, and to determine what actions should be taken.

⁷ U.S. Bureau of Labor Statistics, [Labor Force Statistics from the Current Population Survey](#) (2021); Note that the Appraisal Institute used to provide annual "U.S. Valuation Profession Fact Sheets" that included the demographic breakdown of the appraisal profession. The Institute has not produced any further factsheets since the Committee held a hearing on appraisal bias in [2019](#). While data methodology may differ, compared to the Institute's [last fact sheet](#) and the Bureau of Labor Statistics' latest data, the appraisal profession has become whiter between 2019 (85.4%) and 2021 (97.7%).

⁸ *Supra note 1*

In the coming months, my Committee will convene hearings, advance legislation, and continue working with stakeholders to end housing discrimination and hold the appraisal industry fully accountable. I look forward to your responses to this incident and this letter. Please contact Alia Fierro, Deputy Director of Housing, Community Development and Insurance, with any questions at alia.fierro@mail.house.gov.

Sincerely,

A handwritten signature in blue ink that reads "Maxine Waters". The signature is written in a cursive, flowing style.

Maxine Waters
Chairwoman

cc: The Honorable Patrick McHenry, Ranking Member

From: [REDACTED]
To: [REDACTED]
Subject: [REDACTED]
Date: [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: Wednesday, January 26, 2022 2:19 PM
To: Elizabeth Korver-Glenn [REDACTED]
Subject: Race and Real Estate Estate

[EXTERNAL]

Elizabeth,

Who the hell are you, to inject such racism. Your sociology background, well simply is flawed. You should get out of the office and work with an appraiser and see the impact of social groups, but more importantly, federal law, which makes poor minorities poorer. It's called lower-income housing or LIHTEC, and only the wealthy democrats own these. They are an annuity right from the the US Treasury into the Democrat pockets. Hence the millions of refugees in the system.

Appraisers are being turned in nationally because of so called race. The trend of course will be to refuse the assignment. While the document I read suggest racism was the underlying cause of the values being low in minority areas, I would suggest its factual data that reflects values are simply low, as investors are fewer. As the cry wolf extreme for lending and appraisals ramps up, appraisers and lendings will simply run from these loans not wanting any conflict. To suggest the loan is biased and the appraiser is racist to simple. But I have come to expect why someone with your credentials would dare to suggest they have a clue about what trained and educated people as my self actually do.

With your education, this is the best you could do. I would suggest you are a flunky and our country is racing to the bottom with people like yourself not capable of doing the work. Racism is not as prevalent as you might think. Im [REDACTED] and I live in the house I grew up in. the stret has hardly changed

even wen you get to the poor black neighborhoods. The point is, not much has changed, and these neighborhoods are socially adapted based on social behavior people are attracted to.

Come to [REDACTED], I will pay for your ticket, and I will walk your through your sociology degree and then ask you what you see after spending a week with me in the heart of the deep south where minorities are paid to raise their poorly educated kids illigitamant kids. Lets not forget the parents gave the kids obserd names that most employers immediately refuse to call. !!

[REDACTED]



[REDACTED]