[Discussion Draft]

AMENDMENT IN THE NATURE OF A SUBSTITUTE

TO H.R. 2553

OFFERED BY Mr. Cleaver

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Real Estate Valuation

3 Fairness and Improvement Act of 2021”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) Two Federal agencies, the Federal Home

7 Owners’ Loan Corporation and the Federal Housing

8 Administration played a major role in the develop-

9 ment of the modern home mortgage origination in-

10 dustry.

11 (2) Both Federal agencies explicitly considered

12 the racial and ethnic make up of neighborhoods

13 when underwriting loans and valuing the real estate

14 to be used as home loan collateral.

15 (3) Both agencies devalued property or refused

16 to make loans secured by property in communities of

17 color.
(4) The harmful consequences of this discrimination remain unresolved.

SEC. 3. REAL ESTATE VALUATION TASK FORCE.

(a) ESTABLISHMENT.—The Appraisal Subcommittee of the Financial Institutions Examination Council shall facilitate the establishment and convening of an Interagency Task Force on Real Estate Valuation (in this section referred to as the “Task Force”).

(b) MEMBERS.—The Task Force shall consist of the following members or their designees:

(1) The Director of the Federal Housing Finance Agency.


(3) The chair of the Board of Directors of the Federal Home Loan Mortgage Corporation.


(5) The Chairperson of the board of directors of one of the Federal home loan banks, selected by the Chairpersons of the boards of directors of all of the Federal home loan banks.

(6) The Assistant Secretary of the Department of Housing and Urban Development who is the Federal Housing Commissioner.
(7) The Undersecretary for Rural Development of the Department of Agriculture.

(8) The Secretary of Veterans Affairs.

(9) The Director of the Bureau of Consumer Financial Protection, who shall serve as the Chairperson of the Task Force.

(10) The Comptroller of the Currency.

(11) The Chairperson of the Board of Directors of the Federal Deposit Insurance Corporation.

(12) The Chairman of the Board of Governors of the Federal Reserve System.

(13) The Chairman of the National Credit Union Administration Board.

(14) The Chairman of the State Liaison Committee.

(15) The Principal Deputy Assistant Secretary of the Bureau of Indian Affairs of the Department of the Interior.

(16) A representative for each of the State Appraiser Regulatory Agencies of Guam, Puerto Rico, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands.

(e) DUTIES.—The Task Force shall—

(1) harmonize to the greatest extent possible the various collateral underwriting standards and
guidance of the agencies and entities represented on the Task Force governing residential and commercial real estate valuations, including standards and guidance with respect to appraisals, non-traditional and alternative methods of providing real estate property evaluations such as automated valuation models, processes and procedures for managing re-considerations of value by consumers, and standards and guidance with respect to common collateral underwriting challenges, such as energy efficient housing and limited or inactive markets;

(2) to the extent that standards or guidance described under paragraph (1) are not harmonized, the Task Force shall issue a report to Congress explaining why harmonization cannot or should not be implemented;

(3) establish specific definitions for limited or inactive housing markets in which comparable sales are limited or unavailable over a certain period of time, and establish greater flexibilities and guidance for appraisals and any underwriting processes associated with appraisals conducted in such markets, such as the ability to consider market evidence for similar properties in other geographic areas or utilizing a range of value;
(4) aggregate data across Task Force members, including from the Uniform Appraisal Dataset, to build upon existing research, including ethnographic research, conducted by academics, think tanks, and private entities, and conduct a study to determine whether there are racial disparities at both the borrower and community level in the valuation and price of the residential real estate to be used as collateral for mortgage applications processed by Task Force Members;

(5) identify specific causes of such racial disparities and—

(A) adopt changes to address such causes;

or

(B) if the Task Force determines that additional statutory authority is needed to adopt such changes, issue a report to Congress describing the needed statutory authority; and

(6) Evaluate whether there are any barriers to entry that are disproportionately preventing minorities from entering into the appraisal profession, such as current minimum requirements established by the Appraiser Qualifications Board, the cost and availability of education, the content of the State ap-
praiser exam questions, or the time it takes to finish training.

(d) MEETINGS.—The Task Force shall convene regularly, including with the advisory committee described under subsection (g), to carry out the duties under subsection (c) and submit the reports required under subsection (f).

(e) SHARING OF INFORMATION.—Each agency and entity represented on the Task Force shall share with the Task Force any data of the agency or entity necessary for the Task Force to carry out the duties of the Task Force under this Act.

(f) REPORTS.—

(1) INITIAL.—The Chairperson of the Task Force shall submit a report to the Congress not later than the expiration of the 24-month period beginning on the date of the enactment of this Act detailing the findings and any actions taken to further the duties of the Task Force as of such time and describing any planned efforts and activities.

(2) ONGOING.—Periodically after the submission of the report pursuant to paragraph (1), the Chairperson shall submit reports to the Congress setting forth updates of the findings and actions taken to further the duties of the Task Force.
(g) ADVISORY COMMITTEE.—The Task Force shall establish an advisory committee to provide advice with respect to the duties of the Task Force. The advisory committee shall consist of—

1. at least 2 civil rights advocates;
2. at least 2 consumer advocates;
3. at least 2 real estate appraisers (or representatives of real estate appraiser trade groups);
4. at least 1 small lender (or representative of a trade group for small lenders);
5. at least 1 representative of a trade group that represents private investors;
6. at least 2 representatives of appraisal management companies or trade groups for such companies;
7. at least 2 individuals who are industry experts on alternative valuation models;
8. at least 1 representative of the organization that adopts the appraisal standards and appraiser qualification criteria under title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3331 et seq.);
9. at least one individual who is a historian specializing in racialized housing policy;
8

(10) at least one individual who is a scholar specializing in Indigenous Studies; and

(11) at least one individual who is a social scientist who studies appraisals.

(h) SUNSET.—The Task Force shall terminate upon the expiration of the 5-year period beginning on the date of the enactment of this Act.

SEC. 4. PROMOTING DIVERSITY AND INCLUSION IN THE APPRAISAL PROFESSION.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 is amended—

(1) in section 1103(a) (12 U.S.C. 3332(a))—

(A) in paragraph (3), by striking “and” at the end;

(B) in paragraph (4), by striking the period at the end and inserting a semicolon;

(C) in paragraph (5), by striking the period at the end and inserting a semicolon;

(D) in paragraph (6), by striking the period at the end and inserting “a semicolon; and”; and

(E) by adding at the end the following new paragraph:

“(7) administer the grant program under section 1122(j).”; and
(2) in section 1106 (12 U.S.C. 3335)—

(A) by inserting “(a) IN GENERAL.—” before “The Appraisal Subcommittee”; 

(B) by striking the comma after “comment”; 

(C) by inserting before “Any regulations” the following:

“(b) REGULATIONS.—”; and 

(D) in subsection (a) (as so designated by subparagraph (A) of this paragraph), by adding at the end the following: “The Appraisal Subcommittee may coordinate, and enter into agreements, with private industry stakeholders (including appraisal management companies and industry associations) to facilitate activities and practices that ensure diversity among individuals newly hired as appraisers in their first employment positions in the appraisal industry.”;

(3) in section 1122 (12 U.S.C. 3351), by adding at the end the following new subsection:

“(j) GRANT PROGRAM TO PROMOTE DIVERSITY AND INCLUSION IN THE APPRAISAL PROFESSION.—

“(1) IN GENERAL.—The Appraisal Subcommittee shall carry out a program under this sub-
section to make grants to State agencies, nonprofit organizations, and institutions of higher education to promote diversity and inclusion in the appraisal profession.

“(2) Eligible Activities.—Activities carried out with amounts from a grant under this Act shall be designed to promote diversity and inclusion in the appraisal profession, and may include—

“(A) funding scholarships;

“(B) providing training and education;

“(C) providing implicit bias training for appraisers; and

“(D) other activities as determined appropriate to further the purposes of this grant program by the Appraisal Subcommittee.

“(3) Allocation of Funds.—In making grants under this subsection, the Appraisal Subcommittee shall—

“(A) allocate 50 percent of the funds made available to Historically Black Colleges and Universities or universities with degree programs approved by the Appraiser Qualifications Board or a relevant State regulatory agency for—
“(i) scholarships for students of color who want to pursue a career in real estate appraisal; and

“(ii) subsidizing living expenses for those students while in training; and

“(B) allocate 20 percent of the funds to cover the cost of fulfilling the experience requirements or other applicable requirements that the students described under subparagraph (A) will need to complete in order to become appraisers.

“(4) ADMINISTRATIVE COSTS.—The Appraisal Subcommittee may use 1 percent of amounts appropriated pursuant to paragraph (6) to cover the administrative costs of carrying out this subsection.

“(5) REPORTS.—For each fiscal year during which grants are made under the program under this subsection, the Appraisal Subcommittee shall submit a report to the Congress regarding implementation of the program and describing the grants made, activities conducted using grant amounts, and the number of individuals served by such grants, disaggregated by race, ethnicity, age, and gender.

“(6) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Ap-
praisal Subcommittee for grants under this subsection $50,000,000 for each of fiscal years 2022 through 2026.’’