

[DISCUSSION DRAFT]117TH CONGRESS
1ST SESSION**H. R.** _____

To establish an interagency Task Force to analyze Federal collateral underwriting standards and guidance, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the Committee on _____

A BILL

To establish an interagency Task Force to analyze Federal collateral underwriting standards and guidance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Real Estate Valuation
5 Fairness and Improvement Act of 2021”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) Two Federal agencies, the Federal Home
2 Owners' Loan Corporation and the Federal Housing
3 Administration played a major role in the develop-
4 ment of the modern home mortgage origination in-
5 dustry.

6 (2) Both Federal agencies explicitly considered
7 the racial and ethnic make up of neighborhoods
8 when underwriting loans and valuing the real estate
9 to be used as home loan collateral.

10 (3) Both agencies devalued property or refused
11 to make loans secured by property in communities of
12 color.

13 (4) The harmful consequences of this discrimi-
14 nation remain unresolved.

15 **SEC. 3. REAL ESTATE VALUATION TASK FORCE.**

16 (a) ESTABLISHMENT.—The Appraisal Subcommittee
17 of the Financial Institutions Examination Council shall fa-
18 cilitate the establishment and convening of an Interagency
19 Task Force on Real Estate Valuation (in this section re-
20 ferred to as the “Task Force”).

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

23 (1) The Director of the Federal Housing Fi-
24 nance Agency.

1 (2) The chair of the board of directors of the
2 Federal National Mortgage Association.

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

5 (4) The President of the Government National
6 Mortgage Association.

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

11 (6) The Assistant Secretary of the Department
12 of Housing and Urban Development who is the Fed-
13 eral Housing Commissioner.

14 (7) The Undersecretary for Rural Development
15 of the Department of Agriculture.

16 (8) The Secretary of Veterans Affairs.

17 (9) The Director of the Bureau of Consumer
18 Financial Protection, who shall serve as the Chair-
19 person of the Task Force.

20 (10) The Comptroller of the Currency.

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

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

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

3 (14) The Chairman of the State Liaison Com-
4 mittee.

5 (c) DUTIES.—The Task Force shall—

6 (1) harmonize to the greatest extent possible
7 the various collateral underwriting standards and
8 guidance of the agencies and entities represented on
9 the Task Force governing residential and commer-
10 cial real estate valuations, including standards and
11 guidance with respect to appraisals, non-traditional
12 and alternative methods of providing real estate
13 property evaluations such as automated valuation
14 models, processes and procedures for managing re-
15 considerations of value by consumers, and standards
16 and guidance with respect to common collateral un-
17 derwriting challenges, such as energy efficient hous-
18 ing and limited or inactive markets;

19 (2) to the extent that standards or guidance de-
20 scribed under paragraph (1) are not harmonized, the
21 Task Force shall issue a report to Congress explain-
22 ing why harmonization cannot or should not be im-
23 plemented;

24 (3) establish specific definitions for limited or
25 inactive housing markets in which comparable sales

1 are limited or unavailable over a certain period of
2 time, and establish greater flexibilities and guidance
3 for appraisals and any underwriting processes asso-
4 ciated with appraisals conducted in such markets,
5 such as the ability to consider market evidence for
6 similar properties in other geographic areas or uti-
7 lizing a range of value;

8 (4) aggregate data across Task Force members
9 and conduct a study to determine whether there are
10 racial disparities at both the borrower and commu-
11 nity level in the valuation and price of the residential
12 real estate to be used as collateral for mortgage ap-
13 plications processed by Task Force Members;

14 (5) identify specific causes of such racial dis-
15 parities and—

16 (A) adopt changes to address such causes;

17 or

18 (B) if the Task Force determines that ad-
19 ditional statutory authority is needed to adopt
20 such changes, issue a report to Congress de-
21 scribing the needed statutory authority; and

22 (6) Evaluate whether there are any barriers to
23 entry that are disproportionately preventing minori-
24 ties from entering into the appraisal profession, such
25 as current minimum requirements established by the

1 Appraiser Qualifications Board, the cost and avail-
2 ability of education, the content of the State ap-
3 praiser exam questions, or the time it takes to finish
4 training.

5 (d) MEETINGS.—The Task Force shall convene regu-
6 larly, including with the advisory committee described
7 under subsection (g), to carry out the duties under sub-
8 section (c) and submit the reports required under sub-
9 section (f).

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

15 (f) REPORTS.—

16 (1) INITIAL.—The Chairperson of the Task
17 Force shall submit a report to the Congress not
18 later than the expiration of the 24-month period be-
19 ginning on the date of the enactment of this Act de-
20 tailing the findings and any actions taken to further
21 the duties of the Task Force as of such time and de-
22 scribing any planned efforts and activities.

23 (2) ONGOING.—Periodically after the submis-
24 sion of the report pursuant to paragraph (1), the
25 Chairperson shall submit reports to the Congress

1 setting forth updates of the findings and actions
2 taken to further the duties of the Task Force.

3 (g) ADVISORY COMMITTEE.—The Task Force shall
4 establish an advisory committee to provide advice with re-
5 spect to the duties of the Task Force. The advisory com-
6 mittee shall consist of—

7 (1) at least 2 civil rights advocates;

8 (2) at least 2 consumer advocates;

9 (3) at least 2 real estate appraisers (or rep-
10 resentatives of real estate appraiser trade groups);

11 (4) at least 1 small lender (or representative of
12 a trade group for small lenders);

13 (5) at least 1 representative of a trade group
14 that represents private investors;

15 (6) at least 2 representatives of appraisal man-
16 agement companies or trade groups for such compa-
17 nies;

18 (7) at least 2 individuals who are industry ex-
19 perts on alternative valuation models; and

20 (8) at least 1 representative of the organization
21 that adopts the appraisal standards and appraiser
22 qualification criteria under title XI of the Financial
23 Institutions Reform, Recovery, and Enforcement Act
24 of 1989 (12 U.S.C. 3331 et seq.).

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

4 **SEC. 4. PROMOTING DIVERSITY AND INCLUSION IN THE AP-**
5 **PRAISAL PROFESSION.**

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

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

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

11 (B) in paragraph (4), by striking the pe-
12 riod at the end and inserting a semicolon;

13 (C) in paragraph (5), by striking the pe-
14 riod at the end and inserting a semicolon;

15 (D) in paragraph (6), by striking the pe-
16 riod at the end and inserting “a semicolon;
17 and”;

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

20 “(7) administer the grant program under sec-
21 tion 1122(j).”; and

22 (2) in section 1106 (12 U.S.C. 3335)—

23 (A) by inserting “(a) IN GENERAL.—” be-
24 fore “The Appraisal Subcommittee”;

1 (B) by striking the comma after “com-
2 ment”;

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

5 “(b) REGULATIONS.—”; and

6 (D) in subsection (a) (as so designated by
7 subparagraph (A) of this paragraph), by adding
8 at the end the following: “The Appraisal Sub-
9 committee may coordinate, and enter into
10 agreements, with private industry stakeholders
11 (including appraisal management companies
12 and industry associations) to facilitate activities
13 and practices that ensure diversity among indi-
14 viduals newly hired as appraisers in their first
15 employment positions in the appraisal indus-
16 try.”;

17 (3) in section 1122 (12 U.S.C. 3351), by add-
18 ing at the end the following new subsection:

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

21 “(1) IN GENERAL.—The Appraisal Sub-
22 committee shall carry out a program under this sub-
23 section to makes grants to State agencies, nonprofit
24 organizations, and institutions of higher education to

1 promote diversity and inclusion in the appraisal pro-
2 fession.

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

7 “(A) funding scholarships;

8 “(B) providing training and education;

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

11 “(D) other activities as determined appro-
12 priate to further the purposes of this grant pro-
13 gram by the Appraisal Subcommittee.

14 “(3) ALLOCATION OF FUNDS.—In making
15 grants under this subsection, the Appraisal Sub-
16 committee shall—

17 “(A) allocate 50 percent of the funds made
18 available to Historically Black Colleges and
19 Universities or universities with degree pro-
20 grams approved by the Appraiser Qualifications
21 Board or a relevant State regulatory agency
22 for—

23 “(i) scholarships for students of color
24 who want to pursue a career in real estate
25 appraisal; and

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

3 “(B) allocate 20 percent of the funds to
4 cover the cost of fulfilling the experience re-
5 quirements or other applicable requirements
6 that the students described under subparagraph
7 (A) will need to complete in order to become
8 appraisers.

9 “(4) ADMINISTRATIVE COSTS.—The Appraisal
10 Subcommittee may use 1 percent of amounts appro-
11 priated pursuant to paragraph (6) to cover the ad-
12 ministrative costs of carrying out this subsection.

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

21 “(6) AUTHORIZATION OF APPROPRIATIONS.—
22 There is authorized to be appropriated to the Ap-
23 praisal Subcommittee for grants under this sub-
24 section \$50,000,000 for each of fiscal years 2021
25 through 2025.”.