[DISCUSSION DRAFT]

117TH CONGRESS  
2D SESSION  
H. R. _______

To establish an independent agency to be known as the Federal Valuation Agency and real estate valuation standards and appraiser criteria, including promoting a fair, unbiased, transparent, repeatable valuation process, and for other purposes.

__________________________________________________________

IN THE HOUSE OF REPRESENTATIVES

Mr. _______ introduced the following bill; which was referred to the Committee on ____________________________

__________________________________________________________

A BILL

To establish an independent agency to be known as the Federal Valuation Agency and real estate valuation standards and appraiser criteria, including promoting a fair, unbiased, transparent, repeatable valuation process, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Fair Appraisal and Inequity Reform Act of 2022” or the “FAIR Act of 2022”.

__________________________________________________________
SEC. 2. FEDERAL VALUATION AGENCY.

(a) ESTABLISHMENT.—There is established an independent agency to be known as the “Federal Valuation Agency”, in this section referred to as the “Agency”. The Agency shall be considered an Executive agency, as defined at section 105 of title 5, United States Code.

(b) OFFICE OF FAIR LENDING.—There is established within the Agency an Office of Fair Lending, which shall—

(1) report directly to the head of the Agency; and

(2) oversee the Agency’s fair lending supervision and examination procedures, and the consumer complaint process.

(c) RESPONSIBILITY FOR APPRAISAL STANDARDS.—The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 is amended—

(1) in section 1110(1) (12 U.S.C. 3339(1)), by striking “Appraisal Standards Board of the Appraisal Foundation” and inserting “Federal Valuation Agency, by rule”; and

(2) in section 1116 (12 U.S.C. 3345)—

(A) in subsection (b), by striking “or endorsed by the Appraiser Qualification Board of the Appraisal Foundation” and inserting “, by rule, by the Federal Valuation Agency”;
(B) in subsection (c), by striking “by the Appraisal Qualifications Board of The Appraisal Foundation” and inserting “, by rule, by the Federal Valuation Agency”; and

(C) in subsection (e), by striking “of the Appraiser Qualifications Board of The Appraisal Foundation. The Appraisal Subcommittee shall have the authority to enforce these requirements” and inserting “promulgated by the Federal Valuation Agency”.

(d) CONFORMING AMENDMENTS.—


(A) by striking “Appraisal Subcommittee” each place such term appears in heading or text and inserting “Federal Valuation Agency”; 

(B) in section 1104(a) (12 U.S.C. 3333(a)), by striking “subcommittee” and inserting “Federal Valuation Agency”; 

(C) in section 1109(a)(4)(B) (12 U.S.C. 3338(a)(4)(B)), by striking “Subcommittee’s functions” each place such term appears and
inserting “functions of the Federal Valuation Agency”;

(D) in section 1118(c)(3) (12 U.S.C. 3347(c)(3)), by striking “subcommittee” and inserting “Federal Valuation Agency”;

(E) in section 1119(c) (12 U.S.C. 3348(c)), by striking “subcommittee” and inserting “Federal Valuation Agency”; and

(F) in section 1121, by striking paragraph (2).

(2) NATIONAL HOUSING ACT.—Section 202(g)(2) of the National Housing Act (12 U.S.C. 1708(g)(2)) is amended by striking “Appraisal Subcommittee of the Federal Financial Institutions Examination Council” and inserting “Federal Valuation Agency”.

SEC. 3. NATIONAL APPRAISER REGISTRY AND FAIR HOUSING TRAINING.

(a) STATE CERTIFIED REAL ESTATE APPRAISER.— Subsection (a) of section 1116 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3345(a)) is amended to read as follows:

“(a) STATE CERTIFIED REAL ESTATE APPRAISER DEFINED.—For purposes of this title, the term ‘State certified real estate appraiser’ means any individual who—
“(1) records in a nationwide registry established by the Federal Valuation Agency—

“(A) a unique identification number that is also recorded on all relevant mortgage and appraisal transaction documents; and

“(B) the individual’s self-identified race, ethnicity, and gender;

“(2) in the case of an individual conducting appraisals through an appraisal management company, records the identification number of the appraisal management company provided by the nationwide registry on all relevant mortgage and appraisal transaction documents; and

“(3) has satisfied the requirements for State certification in a State or territory whose criteria for certification as a real estate appraiser currently meets the minimum criteria for certification approved by the Federal Valuation Agency, which minimum criteria shall include fair housing training for initial certification and continuing education developed by the Office of Fair Housing and Equal Opportunity of the Department of Housing and Urban Development in coordination with the Federal Valuation Agency, which training shall include training regarding—
“(A) the history of housing and appraisal discrimination;

“(B) Federal laws that prohibit appraisal discrimination;

“(C) examples of discrimination violations and the harmful consequences of such discrimination on consumers and the market;

“(D) best practices; and

“(E) an appraiser’s legal duty not to discriminate and the legal penalties associated with violating such duties.”.

(b) **State Licensed Appraiser Defined.**—Subsection (c) of section 1116 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3345(a)) is amended to read as follows:

“(c) **State Licensed Appraiser Defined.**—For purposes of this title, the term ‘State licensed appraiser’ means any individual who—

“(1) records in a nationwide registry established by the Federal Valuation Agency—

“(A) a unique identification number that is also recorded on all relevant mortgage and appraisal transaction documents; and

“(B) the individual’s self-identified race, ethnicity, and gender;
“(2) in the case of an individual conducting appraisals through an appraisal management company, records the identification number of the appraisal management company provided by the nationwide registry on all relevant mortgage and appraisal transaction documents; and

“(3) has satisfied the requirements for State licensing in a State or territory whose criteria for licensing as a real estate appraiser currently meets the minimum criteria for licensing approved by the Federal Valuation Agency, which minimum criteria shall include fair housing training for initial licensing and continuing education developed by the Office of Fair Housing and Equal Opportunity of the Department of Housing and Urban Development in coordination with the Federal Valuation Agency, which training shall include training regarding—

“(A) the history of housing and appraisal discrimination;

“(B) Federal laws that prohibit appraisal discrimination;

“(C) examples of discrimination violations and the harmful consequences of such discrimination on consumers and the market;

“(D) best practices; and
“(E) an appraiser’s legal duty not to discriminate and the legal penalties associated with violating such duties.”.

(c) REQUIREMENTS FOR APPRAISAL MANAGEMENT COMPANIES.—Section 1116 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3345) is amended by adding at the end the following:

“(e) REQUIREMENTS FOR APPRAISAL MANAGEMENT COMPANIES.—Each appraisal management company shall, annually, record in a nationwide registry established by the Federal Valuation Agency the self-identified race, ethnicity, and gender of each certified or licensed appraiser that the company oversees.”.

SEC. 4. PUBLIC VALUATION DATABASE.

(a) IN GENERAL.—Not later than the expiration of the 24-month period beginning on the date of the enactment of this Act, the Director of the Bureau of Consumer Financial Protection shall coordinate with the Director of the Federal Housing Finance Agency, the Secretary of Housing and Urban Development, the Secretary of Agriculture, the Secretary of Veterans Affairs, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the National Credit Union Administration to
jointly develop, and make publicly available online, a
searchable database of valuation information, including
appraisals, evaluations, automated value models, for 1-to-
4 unit single-family personal residences, including infor-
mation collected by the Federal National Mortgage Asso-
ciation, the Federal Home Loan Mortgage Corporation,
appraisal management companies, independent apprais-
ers, and automated valuation models and identifiable at
the census tract level, which shall include information re-
garding race and ethnicity.

(b) UPDATING.—The Federal Valuation Agency and
the Director of the Federal Housing Finance Agency shall
jointly ensure that information in the database developed
pursuant to subsection (a) is updated on a quarterly basis.

(c) AGENCY ACCESS.—The Director of the Bureau
of Consumer Financial Protection shall provide access to
all information collected for the database pursuant to this
section, in unredacted form, to any Executive agency (as
such term is defined in section 105 of title 5, United
States Code) for use for enforcement or other purposes.

(d) PRIVACY PROTECTION.—

(1) IN GENERAL.—The database developed pur-
suant to subsection (a) shall not make available any
personally identifiable information.
(2) DISCRETION TO DELETE OR MODIFY PUBLICLY AVAILABLE DATA.—The Director of the Bureau of Consumer Financial Protection may, at the Director’s discretion, delete or modify information collected under this section which is or will be available to the public, if the Director determines that the deletion or modification of the data would advance a privacy interest.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as may be necessary for each of fiscal years 2023 through 2028 to carry out this section.

SEC. 5. COLLECTION OF DIVERSITY INFORMATION.

(a) OFFICES OF MINORITY AND WOMEN INCLUSION.—Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (12 U.S.C. 5452) is amended—

(1) by redesignating subsection (g) as subsection (h); and

(2) by inserting after subsection (f) the following new subsection;

“(g) APPRAISAL INFORMATION.—The Office for each agency shall collect from the agency and make publicly available on a website of the agency information regarding the race, ethnicity, and gender diversity of appraisal ven-
dors and contractors used by the agency or entities regulated or supervised by the agency, including appraisal management companies, appraisal companies, providers of automated valuation models, appraiser panels, independent appraisers, and any in-house appraisers employed by the entities regulated or supervised by the agency, including depository institutions insured by the Corporation, credit unions insured by the National Credit Union Administrations, and mortgage brokers.”.

(b) Other Agencies.—The Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Secretary of Veterans Affairs shall each collect, report to the Congress on an annual basis, and make publicly available on a website of the agency information regarding the race, ethnicity, and gender diversity of appraisal vendors and contractors used by the agency or entities regulated or supervised by the agency, including appraisal management companies, appraisal companies, providers of automated valuation models, appraiser panels, independent appraisers, and any in-house appraisers employed by the entities regulated or supervised by the agency.

SEC. 6. FUNDING FOR FAIR HOUSING TESTING.

(a) FHIP.—There is authorized to be appropriated such sums as may be necessary for each of fiscal years
2023 through 2028 for private investigation initiatives under section 561(b) of the Housing and Community Development Act of 1987 (42 U.S.C. 3616a(b)) to investigate discriminatory practices in the provision of real estate valuations, including appraisals, automated valuation models, and evaluations.

(b) FHAP.—There is authorized to be appropriated such sums as may be necessary for each of fiscal years 2023 through 2028 for the Fair Housing Assistance Program under the Fair Housing Act (42 U.S.C. 3601 et seq.) for conducting investigations of valuations of residential real property, including through appraisals, automated valuation models, and evaluations, that are alleged to be in violation of section 805 of such Act (42 U.S.C. 3605).

SEC. 7. PROCEDURE FOR APPRAISAL COMPLAINTS.

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 3331 et seq.) is amended by adding at the end the following new section:

“SEC. 1128. PROCEDURE FOR APPRAISAL COMPLAINTS.

“(a) Establishment.—

“(1) Discrimination complaints.—The Secretary of Housing and Urban Development shall coordinate with, the Director of the Federal Housing
Finance Agency, the Director of the Bureau of Consumer Financial Protection, and the head of the Federal Valuation Agency, in consultation with any other Federal and State agencies such officers determined to be relevant, shall establish a single Federal complaint procedure that provides for individuals to report suspected discrimination in the provision, management, and approval of real estate valuations, including appraisals, automated valuation models, evaluations, and appraiser misconduct.

“(2) OTHER COMPLAINTS.—The head of the Federal Valuation Agency shall establish a complaint procedure that provides for individuals to report suspected misconduct not involving discrimination in the provision, management, and approval of real estate valuations, including appraisals, automated valuation models, evaluations, and appraiser misconduct.

“(b) REQUIREMENTS.—The procedure established pursuant to subsection (a)(1) shall require—

“(1) referral of any complaint regarding appraiser misconduct or discrimination in the provision of a real estate appraisal received by any State appraiser regulatory agency, including any State appraiser certifying and licensing agency, within 48
hours (not including weekends or legal public holidays) of such receipt, to the Federal procedure established pursuant to this section;

“(2) that investigation of any such complaint shall include a full review of the appraisals conducted within the preceding 24 months by the appraiser involved; and

“(3) resolution of complaints within 100 days of receipt under such procedure.

“(d) REGULATIONS.—The officers specified in subsection (a) shall jointly issue regulations establishing the procedure required under this section not later than the expiration of the 6-month period beginning on the date of the enactment of this section.”.

SEC. 8. PENALTIES FOR APPRAISAL DISCRIMINATION.

Subtitle E of title IX of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833a) is amended by adding at the end the following new section:

“SEC. 952. PENALTIES FOR APPRAISAL DISCRIMINATION.

“(a) AGENCY ENFORCEMENT.—

“(1) HUD AND CFPB.—In a civil action under the Fair Housing Act (42 U.S.C. 3601 et seq.) brought by the Secretary of Housing and Urban Development or the Attorney General, or a civil action
under the Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.) brought by the Director of the Bureau of Consumer Financial Protection, with respect to a discriminatory housing or lending practice, within the meaning of such term under the Fair Housing Act and the Equal Credit Opportunity Act, relating to a real estate-related transaction involving the valuation of residential property, damages to be awarded to the victim of such discriminatory housing practice shall include an amount that is not less than the difference between the corrected valuation of the property and the discriminatory or improper valuation of the property.

“(2) DAMAGES IN FAIR HOUSING ACT ADMINISTRATIVE ACTION.—In the case of an order for relief under section 812(g) of the Fair Housing Act (42 U.S.C. 3612(g)) with respect to a discriminatory housing practice relating to a real estate-related transaction involving the valuation of residential property, damages to be awarded to the aggrieved person shall include an amount that is not less than the difference between the corrected valuation of the property and the discriminatory or improper valuation of the property.
“(3) ADDITIONAL PENALTIES.—A penalty under this subsection shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed whether or not the Secretary, Attorney General, or Director imposes other administrative sanctions.

“(b) ENFORCEMENT BY PRIVATE PERSONS.—

“(1) CIVIL ACTION.—An aggrieved person may commence a civil action in an appropriate United States district court or State court not later than 5 years after the occurrence or the termination of an alleged discriminatory housing practice, within the meaning of such term under the Fair Housing Act (42 U.S.C. 3601 et seq.), relating to a real estate-related transaction involving the valuation of residential property, to obtain appropriate relief with respect to such discriminatory housing practice, and any damages to be awarded to the plaintiff under such an action shall include an amount that is not less than the difference between the corrected valuation of the property and the discriminatory or improper valuation of the property.

“(2) DAMAGES IN FAIR HOUSING ACT ACTION.—In a civil action under section 813(a) of the Fair Housing Act (42 U.S.C. 3613(a)) with respect
to a residential real estate-related transaction involving the appraisal of residential real property, damages to be awarded to the plaintiff shall include an amount that is not less than the difference between the corrected valuation of the property and the discriminatory or improper valuation of the property.”.

SEC. 9. ANNUAL REPORTING ON DISCRIMINATION.

Section 1128 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as added by the amendment made by section 7 of this Act, is amended by inserting after subsection (b) the following new subsection:

“(c) ANNUAL REPORT.—The head of the Federal Valuation Agency and the Secretary of Housing and Urban Development shall jointly submit a report annually to the Congress that identifies the number of complaints regarding discrimination and misconduct in the provision of real estate appraisals received in the preceding year by the procedure established pursuant to this section and any actions that were taken to resolve such complaints, including the enforcement of penalties and the suspension or revocation of any appraiser licenses or certifications.”.

SEC. 10. MEDIA AND EDUCATION CAMPAIGN.

There is authorized to be appropriated to the Secretary of Housing and Urban Development $2,000,000 for fiscal year 2023 for the Office of Fair Housing and Equal
Opportunity to carry out a media and education campaign to inform the public about discrimination in real estate transactions and how to report appraisers, real estate agents, mortgage lenders, and other housing professionals for alleged discrimination.