



November 11, 2024

Virginian Pilot
150 W. Brambleton Avenue
Norfolk, VA 23510

Re: Opinion: HUD-Funded Billboards Overlook Critical Aspects of Appraisal

A recent billboard campaign by the National Fair Housing Alliance and the U.S. Department of Housing and Urban Development (HUD) features a prominent statement that “Home appraisals should be based on property, not people.” The Appraisal Institute could not agree more. Bias in a real estate appraisal is against the law. However, this campaign vilifies an entire profession and a process that protects consumers.

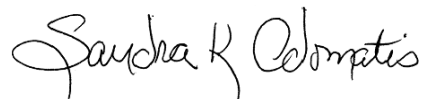
Real estate appraisers have a professional responsibility to be independent, impartial and objective. In fact, appraisers are the **only disinterested** parties in mortgage transactions. By law, appraisers must not perform valuation services with bias. If an appraiser is found to have provided valuation services with bias or in a manner that is not independent, impartial, or objective, they are not only violating professional rules and standards, they are also breaking federal and state laws, including the Fair Housing Act. In addition, all members of the Appraisal Institute are bound by its Code of Professional Ethics, which further requires its members to act in an unbiased manner, and to serve in the best interests of public trust.

The Appraisal Institute takes claims of bias and discrimination seriously. But there is a key difference between “appraisal bias” and the policy or societal goals associated with “housing equity.” Deed restrictions by race or ethnicity, discriminatory and exclusionary zoning, property tax inequities, and other public policies are not the fault of the appraiser, nor can these issues be corrected in an appraisal. Redlining, limited credit access, discriminatory underwriting requirements, and other biased lending policies of the past are also not the fault of the appraiser and are well beyond the scope of an appraiser's practice or an appraisal assignment.

Recent fair housing complaints have shown no consistent pattern of bias in appraisals. Yes, appraisers are not perfect. And today’s standard appraisal ordering process puts speed and cost over quality, hiding appraisal management company fees from consumers and proliferating “shortcuts.” That is not appraisal bias; that is simply bad business and public policy that could be corrected by meaningful policy changes. And ultimately, just because an appraisal is “higher” does not mean it is “right” or more credible.

NFHA and HUD are fully aware of these realities, as well as the steps taken to implement consumers' appeals processes in mortgage applications and to adopt strong fair housing training requirements, which appraisers have promoted. Their vast resources would be better spent educating consumers on the importance of hiring qualified real estate appraisers and collaborating with industry professionals, rather than undermining a data-driven profession that has always prioritized consumer interests and the public trust.

Sincerely,

A handwritten signature in black ink that reads "Sandra K. Adomatis". The signature is written in a cursive, flowing style.

Sandra K. Adomatis, SRA
President, Appraisal Institute