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June 26, 2019

TO: US House Subcommittee on Housing, Community Development, and Insurance
2129 Rayburn House Office Building
Washington D.C., 20515

RE: Subcommittee on Housing, Community Development, and Insurance Hearing “What’s Your Home Worth?”

Dear members of the Committee and Subcommittee-

The National Association of Appraisers (NAA) is a nonprofit, 501c (6) association representing licensed and certified appraisers across the country. We write today to express concern, or rather shock, regarding testimony provided at the June 20th hearing titled “What’s Your Home Worth?”

It was suggested at the hearing that appraisers are the cause of undervaluation of homes in predominately minority-occupied neighborhoods. We respectfully submit that nothing is further from the truth. Appraisers do not “set” home values. Rather, sales price decisions are made by market participants (buyers and sellers); these decisions “set” home values for that area. Appraisers simply report the behavior of market participants based on sales data.

Additionally, appraisers are bound by the Conduct section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP) which precludes them from performing any assignment with bias. Some excerpts from USPAP include:

- An appraiser must perform assignments with impartiality, objectivity, and independence...
- An appraiser:
 - must not perform an assignment with bias;
 - must not advocate the cause or interest of any party or issue;
 - must not use or rely on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value;

Not only does USPAP require appraisers to be unbiased, any appraiser completing an appraisal for a Government Sponsored Enterprise, FHA or VA certifies "I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age marital status, handicap, family status or national origin of either the prospective owners or occupants..."

Regardless of the racial demographic of neighborhoods, it is simply a fact that very similar homes regularly sell at higher (and lower) prices based on numerous location factors of those neighborhoods,

as established by buyers and sellers in those neighborhoods. It would be inappropriate appraisal practice to not recognize locational differences and to not rely on sales data from the same location as the property being appraised in lieu of data from differing locations.

While we agree there are many socio-economic factors affecting home values and homeownership rates that need to be addressed, we adamantly disagree that there is a systemic racial bias among real estate appraisal professionals.

Thank you for your consideration of our comments and please feel free to contact us with any questions.

Sincerely,

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

Craig Morley
President, National Association of Appraisers