# News Letter

July 31, 2026 Volume 4, Edition 3

## UAD 3.6 and the Hidden Engine of Mortgage Rates

### Why Better Appraisal Data Matters to the Entire Financial System

**by Taston Sick, MNAA**

**Introduction: A Change the Industry Sees, but Doesn't Yet Understand**

Across the appraisal and lending industries, the rollout of UAD 3.6 has been met with a familiar reaction: resistance, skepticism, and confusion. Many appraisers see it as a burdensome form change. Some lenders view it as a compliance update. Others have not fully engaged with it at all. I have seen this first and experienced it myself, in UAD 3.6 classes, and at national conferences, such as, The Appraisal Summit, ACTS, Valuation Expo, and the UAD 3.6 Bootcamp.

But this perspective misses the larger point.

UAD 3.6 is not simply a revision to reporting formats. It is part of a broader structural shift in how collateral is measured, analyzed, and trusted across the U.S. housing finance system. More importantly, it sits within a much larger chain. One that connects appraisal data to mortgage-backed securities, investor confidence, and ultimately, mortgage interest rates.

To understand why UAD 3.6 matters, it must be viewed not at the level of the form, but at the level of the system.

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## Industry 2026 Event Calendar

- Tools & Technology: Modern Appraisal - August 10, 2026 - RMAA - https://rmaa.org/events-list/
- ATA 21st Annual Meeting and Conference - August 13-15, 2026 - Georgetown, TX - https://www.txappraisers.org/all-events
- Val Expo – Vegas – Aug 16-19, 2026 - https://www.valuationexpo.com/
- ASB Virtual Meeting – September 10, 2026 -
- IAC – In Person, Denver – September 16, 2026 -
- NCPAC - 2026 Annual Conference - Oct 1 - 2, 2026 - Raleigh, NC - https://www.ncpac.us/
- SCPAC - Summit - October 16, 2026 - Greenville, NC - https://scpac.wildapricot.org/
- Board Of Trustees – In person – Texas – October 23, 2026 -
- Appraisal Summit – Vegas – Oct 31-Nov 3, 2026
- TAFAC/CARE – Washington DC - November 2-3, 2026 -
- 7-hour USPAP - November 13, 2026 - RMAA - https://rmaa.org/events-list/
- 2026 Fall AQB Meeting - November 19, 2026 - Virtual

To register for any Appraisal Foundation meetings, visit: https://appraisalfoundation.org/pages/events

## NAA Advocacy Efforts on Your Behalf

Several leaders of NAA have attended meetings, submitted comments or been involved in advocacy efforts in the last few months. These efforts are on behalf of NAA members and all appraisers.

The Government Affairs Committee, chaired by Laurie Egan, MNAA, has submitted comments to a request for information to FHA on the minimum property requirements. These comments are invaluable to appraisers from a national voice. The committee is also working on comments to the second exposure draft of the qualification criteria to the AQB.

NAA President Barry Phillips, MNAA, attended a joint meeting with NAR and other real estate organizations in Washington, D.C. this month. Malinda Griffin, MNAA attended the NAR meetings in D.C., AARO meetings in San Diego, and The Board of Trustees meeting, among a few of the recent meetings.

The Appraisal Institute has gathered national appraisal organizations together for a once a month meeting to address regulatory changes as a result of the Executive Order in March on the modernization initiatives. This group has authored two letters. The first was to the VA in May in support of the VA efforts on modernization.

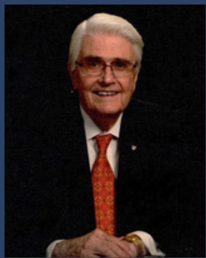
You can find any communications from NAA on our website under the resources tab here: https://naappraisers.org/news-insights/advocacy-efforts/.

## Appraisal Summit October 31-November 2, 2026

The planning committee has worked hard on the speakers, topics and presentations for the Appraisal Summit this fall.

As always, Appraiser eLearning will offer pre-conference courses. Other pre-conference activities include trainee events, Board of Directors Meeting, State Appraisal Organization Leadership Meeting and the Opening Reception which will have a Halloween and All Saints Day Theme - "Saints, Sinners and City lights." Mark your calendars now for this networking and education event.

**Be sure to click the link in the graphic and register to attend the conference presented by NAA and Appraiser eLearning.**




# George R Harrison Scholarship

The National Association of Appraisers created a scholarship program for those who need a helping hand and are interested in entering the appraisal profession.

This scholarship honors the legacy of one of the founders of NAA who believed that quality education plays a pivotal role in becoming a professional appraiser.

To find out more, donate or apply for funds, visit the NAA website here: GRH Scholarship.

UAD 3.6 Engine - continued from page 1

The Mortgage Market Is a Capital Markets System
Mortgage rates are often discussed as if they are directly set by lenders or controlled by the Federal Reserve and central banking policy. In reality, they are determined through a layered interaction between global capital markets, government-backed institutions, and investor behavior.

At a high level, the system functions as follows:
- The Federal Reserve influences short-term liquidity and inflation expectations
- The U.S. Department of the Treasury establishes baseline yields through Treasury securities, particularly the 10-year note
- Investors allocate capital between Treasuries and mortgage-backed securities based on risk and return
- Fannie Mae and Freddie Mac purchase loans, package them into mortgage-backed securities (MBS), and guarantee their performance
- The pricing of those MBS determines the spread above Treasuries, which ultimately drives mortgage rates offered to borrowers

Within this system, mortgage rates are not dictated; they are priced. And pricing is driven by one central factor: confidence.

### The Spread: Where Uncertainty Becomes Cost

The difference between the 10-year Treasury yield and mortgage rates, commonly referred to as the "spread", represents the compensation investors require for taking on additional risk.

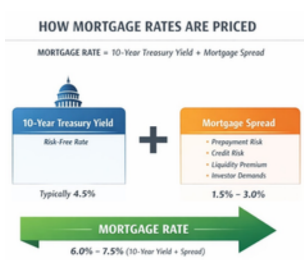
This includes:
- Prepayment risk (borrowers refinancing or selling early)
- Liquidity differences between Treasuries and mortgage-backed securities
- Structural complexity of mortgage cash flows
- And critically, uncertainty in the underlying collateral

While much attention is given to macroeconomic factors like inflation and Federal Reserve policy, the role of collateral data is often overlooked.

Yet for investors, the question is straightforward:

- How confident are we in the asset backing this loan?

If that confidence is reduced, even slightly, the required return increases. The result is a wider spread, and ultimately, higher mortgage rates.


### The Missing Piece: Inconsistent Collateral Data

Historically, appraisal data has been highly variable. Even within standardized frameworks, there has been significant subjectivity in how appraisers describe:
- Property condition and quality
- Adjustments within the sales comparison approach
- Functional utility and market reaction
- Narrative explanations supporting value conclusions

While experienced appraisers understand these nuances, the resulting variability creates challenges at scale.

From the perspective of institutions managing thousands, or millions, of loans, inconsistent collateral data introduces a fundamental problem. It is difficult to model risk when the inputs are not standardized.

This does not necessarily mean the underlying loans are riskier. It means they are less predictable. And in capital markets, unpredictability is priced as risk.

UAD 3.6: From Narrative to Structured Data

UAD 3.6 represents a shift away from narrative-heavy appraisal reporting toward structured, standardized, and machine-readable data. Its objectives are clear:
- Improve consistency across appraisal reports
- Standardize definitions of condition, quality, and features
- Enable automated validation and analysis
- Provide scalable data inputs for risk modeling

In effect, UAD 3.6 transforms the appraisal from a primarily human-interpreted report into a data asset that can be evaluated across an entire portfolio. This is not a cosmetic change. It is a functional upgrade to how collateral is understood.

### Why This Matters to Investors

Investors in mortgage-backed securities are not evaluating individual homes. They are evaluating pools of loans at scale. To do this effectively, they rely on models that assess:
- Expected cash flows
- Prepayment behavior
- Geographic and economic exposure
- Collateral stability

When the underlying data is inconsistent, those models become less reliable. To compensate, investors require a higher return. Conversely, when data is standardized and trustworthy:
- Risk becomes more measurable
- Variability decreases
- Confidence increases

And when confidence increases, the required risk premium, or spread, can narrow.
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UAD 3.6 Engine Continued from page 2

**UAD 3.6 as a System-Level Upgrade**

It is important to be precise: UAD 3.6 will not directly lower mortgage rates.

However, it improves one of the key inputs that influence how mortgage rates are priced.

By reducing uncertainty in collateral data, it supports:

- More accurate risk modeling
- More efficient pricing of mortgage-backed securities
- Greater investor confidence in loan quality
- Improved liquidity in mortgage markets

Over time, these effects contribute to a more stable and efficient system.

**The Role of the Appraiser Is Changing**

For appraisers, this shift is significant.

The traditional role emphasized:

- Narrative explanation
- Professional judgment
- Market interpretation

Those elements remain important. But they are no longer sufficient on their own.

The modern appraisal must also function as:

- A structured, consistent, and reliable data input into a national financial system

This increases accountability, but it also increases the value of high-quality work.

Appraisers who adapt will not simply be report writers. They will be contributors to the integrity of the mortgage market itself.

**Conclusion: The Invisible Infrastructure Behind the Market**

UAD 3.6 is easy to dismiss when viewed at the surface level of form changes and new requirements. But at a systems level, it represents something much more important.

It is a modernization of the collateral data layer that underpins the U.S. housing finance system.

Mortgage rates are influenced by global capital, government policy, and investor behavior. But all of those ultimately rely on confidence in the underlying assets.

UAD 3.6 strengthens that foundation.

And while it may not be visible to borrowers or widely discussed in mainstream financial media, it plays a critical role in how risk is measured, how securities are priced, and how efficiently capital flows through the housing market.

In that sense, it is not just a change to appraisal reporting.

It is a key component in the hidden engine that drives mortgage rates.



# Welcome to New Members

NAA has both state appraisal organizations and individual memberships for appraisers and others. Explore the membership options of this volunteer organization and join us!

Welcome to all new members in 2026!

## Appraiser Relief Fund

The Appraiser Relief Fund was established in 2021 to assist appraisers with day-to-day life after unexpected events such as medical conditions, fires, flooding, earthquakes or any other natural disaster.

Fundraising at the ACTS Conference includes the 50/50 raffle, bottle pull and pickleball tournament, which raised $3880.

The fund can assist with licensing fees and other items that can help these appraisers get their businesses back up and running again after the unexpected event. This is a 501-c3 non-profit organization. To donate items please email info@naappraisers.org.

If you know a fellow appraiser in need of assistance or want to donate to the fund, click here: https://naappraisers.org

# The Perfect Adjustment: How to Save Money in Your Appraisal Business

### by Rebecca Johnson, MNAA

It's no surprise to anyone in the industry that appraisal work has declined significantly over the past few years, and what makes it worse is that appraisers are constantly being nickeled and dimed. Software add-ons are required just to complete and submit assignments, monthly access fees exist for the opportunity to receive work in the first place, and escalating submission fees chip away at an already thin margin. It adds up faster than most people realize. When revenue gets tighter, one of the most direct things you can do is take a hard look at what you're paying for and whether there's a lower-cost or free option that does the same job.

Small businesses tend to accumulate subscriptions over time. Tools that made sense when you first started may have been replaced by something better, cheaper, or free. This article breaks down practical alternatives across business operations, report workflow, research, and marketing, with estimated savings for each.

**Business Operations**

One of my early adoptions was **Google Voice**. Choosing this allows me to have a separate business phone number that rings directly to my phone without having to pay for a second phone or a second phone service. You get to pick your area code, which matters more than people think for a local small business, and it identifies whether an incoming call is personal or business before you pick up. Voicemail transcription and text messaging are included, and everything stays documented and printable for your work file. Estimated savings: $360-$1,200 per year

**Wave** replaces paid payment platforms that charge a monthly fee just to accept credit cards from clients. It handles invoicing and lets clients pay directly by credit card with no monthly subscription and no separate payment hardware. Invoices go out faster, payments come in faster, and while processing fees still apply, the recurring software cost is gone. Estimated savings: $180-$480 per year

**Expensify** (Free Tier) replaces QuickBooks Self-Employed and receipt tracking systems. You photograph a receipt and it automatically logs the vendor, date, and amount with no manual entry and no year-end scramble. It keeps everything consistent throughout the year so you're not reconstructing anything come tax time. Estimated savings: $60-$120 per year

**SignitSecure** replaces DocuSign and provides a legally binding e-signature process for private engagement letters that goes directly into your work file. What changed for me wasn't even the tool itself; it was that it came as a benefit through my E&O insurance coverage. Before that, it was either pay for DocuSign or rely on informal email confirmations. Now it's built into something I was already carrying. Same function. No separate subscription. Estimated savings: $120-$240 per year

**TimeTree** replaces scheduling tools like Calendly Teams or Acuity Scheduling. If you have multiple appraisers or an admin managing inspections, it puts everyone on one shared calendar instead of juggling separate threads and messages. It reduces the back-and-forth by making availability visible to everyone in one place. Estimated savings: $100-$240 per year

**MileIQ** replaces Everlance and manual mileage logs. It runs in the background, detects when you're driving, and lets you classify each trip as business or personal with a swipe. It captures what's already happening without requiring you to remember to log anything. Estimated savings: $60-$120 per year

**Slack** and **Google Chat** both offer free instant messaging for small teams, replacing the back-and-forth of texting or email for quick questions. You can organize conversations by topic or project, send direct messages, and keep communication in one place rather than scattered across your phone and inbox. The free tier of Slack includes 90 days of message history, which is plenty for day-to-day use in a small office. Google Chat is completely free with a Google account, making it a natural fit if you're already using Google Voice or other Google tools. Estimated savings: varies depending on current tools used.

**FreeConferenceCall** started as a way for me to share my screen with a remote trainee and to record oral reports without paying for a platform to do it. From there it became something bigger. I started recording all of my training so my trainee could learn how to analyze contracts and letters of engagement, where to find information across different counties that needed to go into the report, and how to fill in the report from that point. Those recordings became a reference library. My trainee can go back and watch them as needed, and I'm not having to teach the same things over and over to different employees. Estimated savings: $150-$240 per year

Paired with FreeConferenceCall is the **Wisper** app. Wisper takes those recorded training videos and completely transcribes them, but it also creates a timestamped outline so you can quickly find exactly where in a video a specific topic is covered, whether that's how to locate county information or how to work through a particular section of the report. That combination of full transcription and timestamped navigation makes the recordings genuinely useful as ongoing reference tools rather than something you watch once and forget.

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The Perfect Adjustment - continued from page 4

**Bitwarden** replaces 1Password and LastPass for password management. It stores and generates secure passwords across all your systems and works across devices. The free tier covers everything a small office needs. Estimated savings: $40-$70 per year

Marketing is part of running the business now, not a separate project. Two tools make it a lot more accessible without adding to the subscription pile.

**CapCut** replaces Adobe Premiere Pro and Final Cut Pro for short-form video. This is where a lot of clients first encounter your expertise, and CapCut lets you go from recording to publishing without traditional editing software or a steep learning curve. Estimated savings: $200+ per year

**Canva** (Free Tier) replaces Adobe Creative Cloud, InDesign, and outsourced design work for basic branding needs. Business cards, logos, social media posts, presentations; it handles all of it with templates you can move through quickly. It also has built-in tools like QR codes for linking to your website, reviews, or business listings. Estimated savings: $150-$500+ per year

### Report and Research

Most inefficiencies in report writing don't come from the report itself; they come from how information gets into it. **WISPR Flow** replaces Dragon NaturallySpeaking and manual dictation by letting you dictate directly into appraisal software, emails, or report fields. It filters background noise and converts what you say into structured report language in real time. There is also a phone app that lets you speak in a very quiet voice while you're doing an inspection, so you can capture notes on the spot without it being disruptive. Estimated savings: $200-$600 per year

**PDFgear** replaces Adobe Acrobat Pro and handles everything you need from a PDF tool: creation, editing, merging, signing, and redaction. You can black out client or assignment details for sample reports or presentations without paying for a subscription. It covers the full PDF workflow for most small offices. Estimated savings: ~$240 per year

The **FEMA Flood Map Service Center** replaces paid flood data add-ons and gives you direct access to flood maps and FIRMettes at no cost. It's the baseline regulatory data without an extra layer of subscription fees on top. Estimated savings: $120-$300 per year

**Google Earth Pro** replaces paid mapping and aerial imagery subscriptions. The historical imagery is genuinely useful for appraisal work: assessing prior storm impacts, comparing property conditions over time, determining how long a manufactured home has been on a parcel, or checking whether it was placed shortly after construction versus relocated later. Street view is there when you need to revisit a detail without driving back out. Estimated savings: several hundred dollars annually depending on prior tools used

Cloud storage tools like **Dropbox**, **Google Drive**, and **OneDrive** handle multiple photos and large document sharing, along with temporary file storage before everything moves to a long-term hard drive archive. The free tiers cover what most small appraisal offices actually need. Estimated savings: $50-$150 per year

There are likely thousands of artificial intelligence tools available right now, and an entire book could honestly be written on that category alone. Many offer free entry-level access that can support small business operations across communication, documentation, analysis, and marketing. That's not something I'm going to delve into in this article, but it's worth exploring on your own.

A lot of subscriptions started as the right tool for the time, but time changes things. Some of those same functions can now be handled for less or for free, and many of these tools offer far more than what you actually need day to day, which means a simpler option is often enough. It's worth asking periodically whether what you started with is still the best option or whether something better came along while you were busy.
Depending on which of these you're currently paying for, the tools covered in this article represent a potential savings range of roughly $2,000 to $5,000 or more per year.

**Summary: Estimated Annual Savings by Tool**

| Tool | Potential Annual Savings |
|---|---|
| Google Voice | $360-$1,200 |
| Wave | $180-$480 |
| PDFgear | ~$240 |
| WISPR Flow | $200-$600 |
| Wisper | included with FreeConferenceCall |
| Expensify | $60-$120 |
| FreeConferenceCall | $150-$240 |
| Slack / Google Chat | varies |
| Canva | $150-$500+ |
| CapCut | $200+ |
| Bitwarden | $40-$70 |
| Dropbox / Google Drive / OneDrive | $50-$150 |
| TimeTree | $100-$240 |
| MileIQ | $60-$120 |
| FEMA Flood Maps | $120-$300 |
| Google Earth Pro | several hundred annually |
| SignitSecure | $120-$240 |

# State Organizations

## Association of Texas Appraisers Announces Partnership with The Appraisal Foundation

**by Brian Marlow, MNAA, ATA President**

The Association of Texas Appraisers (ATA) is proud to announce its new partnership with The Appraisal Foundation, marking an exciting milestone in our ongoing commitment to excellence within the appraisal profession.

This partnership reflects a shared dedication to advancing professional standards, supporting high-quality education, and promoting the integrity of the appraisal industry. By working together, ATA and The Appraisal Foundation will help strengthen the profession while providing valuable resources and opportunities for appraisers throughout Texas.

We are excited about the opportunities this collaboration will bring and look forward to supporting our members with enhanced educational offerings, industry insights, and initiatives that contribute to the continued growth and success of the appraisal community.

Please join us August 13-15, 2026 for the 21st Annual Meeting and Education Conference in Georgetown, Texas. Not only will we have ATA's board of directors and membership meetings, the event includes software demonstrations, and exciting continuing education courses, speakers and topics.

For more information on ATA and upcoming events visit our website: https://www.txappraisers.org/

## NAA BOG Organizations

Appraisers Coalition of Washington (ACOW)
https://acow-wa.org/ - info@acow-wa.org

Association of Texas Appraisers (ATA)
https://www.txappraisers.org/ - info@TXappraisers.org

Colorado Association of Real Estate Appraisers (CAREA)
www.CAREA.net - CAREA.appraising@gmail.com

Florida Association of Appraisers (FAA) -
https://www.faappraisers.org/ - faappraisers@gmail.com

Kentucky Association of Appraisers (KAA) https://www.ky-appraisers.org/ - info@kyappraisers.org

Mississippi Coalition of Appraisers (MSCAPP) https://mscapp.org/ - mscapp12@comcast.net

New York Coalition of Appraiser Professionals (NY-CAP)
https://www.facebook.com/groups/202436526832014/ -
NewYorkCoalitionofAppraisers@gmail.com

North Carolina Professional Appraisers Coalition (NCPAC)
www.ncpac.us - ncpac@live.com

Ohio Coalition of Appraisal Professionals (OCAP)
https://www.ocapweb.org/ - info@ocapohio.com

Real Estate Appraisers Association (REAA) https://reaa.org/ - info@reaa.org

Real Estate Appraisers of Southern Arizona (REASA)
https://www.reasa.org/ - admin@REASA.org

Rocky Mountain Appraiser Association (RMAA)
https://rmaa.org/ - President@RMAA.org

South Carolina Professional Appraisers Coalition (SCPAC)
https://www.scpac.net/ - scpac.info@gmail.com

Utah Coalition of Appraisal Professionals (UTCAP)
https://uautah.wildapricot.org/ - Info.UTCAP@gmail.com

Email us for more information on being part of the Board of Governors.

# Other State Organizations

Colorado Coalition of Appraisers (COCAP) - www.cocapp.org - Michael Carroll - mj@mjvaluations.com

Coalition of Arizona Appraisers (CoAA) https://www.azcoaa.us/ - info@AZCOAA.us

Coalition of Oregon Real Estate Appraisers (COREA) COREAppraiser@gmail.com

Delaware Association of Appraisers, Inc (DAA) https://www.deappraisers.net/

Illinois Coalition of Appraisal Professionals (ICAP) https://www.deappraisers.net/

Louisiana Real Estate Appraiser Coalition (LAREAC) https://www.lareac.org/

Michigan Coalition of Appraisal Professionals (MCAP) - https://www.facebook.com/groups/michcap/ - Eric Dean Morse - eric@realistappraisals.com

North Dakota Appraisers Association (NDAA) https://ndappraisers.org/

Professional Appraisers Association of South Dakota (PAASD) https://paasd.com/

Tennessee Appraiser Coalition (TAC) https://tappc.clubexpress.com/ - president@tnappraisercoalition.com

Virginia Coalition of Appraisers (VaCAP) https://vacaponline.com/

Email us to be added to this list of state organizations.

# From the Factory Floor to the Final Report

## by Dana Murray, MNAA, NCPAC President

The North Carolina Professional Appraisers Coalition (NCPAC) will hold its 2026 Annual Conference on October 1 and 2 in Holly Springs, North Carolina. This year's theme, "From the Factory Floor to the Final Report," reflects a program built around manufactured housing and professional development, including adjustment support and limiting liability/best practices.

The two-day program pairs classroom continuing education with hands-on field experience. Day one focuses on professional development via defensible appraisal practices, with a morning session on contributory value and adjustment support presented by Scott Cullen of the Solomon Adjustment Calculator, and an afternoon session on limiting liability, complaints, and risk management presented by Isaac Peck of OREP.

Day two takes attendees into the field for a tour of a Champion Homes manufacturing plant in Lillington, hosted by plant General Manager, Jason Norris, followed by a session on manufactured home construction methods and details presented by Brad Lovin of the North Carolina Manufactured and Modular Homebuilders Association, together with the North Carolina Department of Insurance. Coalition Designated Appraiser (CDA) candidates receive priority for the plant tour, which is open to members and non-members as seating allows.

The plant tour reflects an approach NCPAC has emphasized in recent years: giving appraisers direct exposure to how the properties they value are actually built. Seeing manufactured and modular construction firsthand helps appraisers understand quality, condition, and construction details in a way that classroom instruction alone cannot provide, and it supports more credible reporting under the new Uniform Appraisal Dataset (UAD 3.6) framework taking effect this year.

The conference also includes the NCPAC business meeting and evening networking, continuing the coalition's focus on bringing North Carolina appraisers together for education, professional development, and connection. NCPAC extends its appreciation to the conference sponsors whose support makes the event possible.

Appraisers interested in attending, and organizations interested in learning more about NCPAC, can find details at www.ncpac.us.

# Joint TAFAC, IAC and CARE Meeting Summary

### by Rebecca Jones, MNAA

The three Appraisal Foundation councils are:

- The Appraisal Foundation® Advisory Council (TAFAC)
- Industry Advisory Council (IAC)
- Council to Advance Residential Equity (CARE)

The meeting consisted of two full days of the three councils together, followed by a half day when each council broke out into separate meetings.

**Day 1**: There were opening remarks and then a presentation on the second exposure draft of proposed changes to the real property qualification criteria. There is a summary starting on pages 11-13 of 159 pages. Please read and comment. The deadline is July 27. TAF has made it easy to comment and does not need to be formal. Link to draft

ASB Chair Nicholas Pilz gave a presentation that discussed three issues the Board is currently working on:

- Reports and Reconsideration of Value: USPAP revisions and communication of an appraisal.
- Reasonable Basis for Reliance: work the appraiser relies on done by others.
- Ghosting and non-completion: The obligations an appraiser owes the client and when assignments are not completed.

The last topic surprised me, and I learned a great deal about business practice within the appraisal professions, some which were not positive.

The day concluded with a panel on "Attracting and Retaining Young Professionals," featuring recent graduates from the Practicum program sharing their experiences.

There was an announcement of the first AQB-approved Practicum courses. You can find out more here: https://appraisalfoundation.org/pages/practicum

**Day 2**: Panel Presentation from Psychological Services Incorporated (PSI) on the national exam by Daniel Hamm, Senior Psychometrician and Tommy Fisher, Test Development Specialist

Topics included the purpose of national uniform exams, the test development process and lifecycle including historical data, trends, and insights. The data compared first-time versus repeat test takers. The lowest-performing topic area continues to be land or site valuation.

Additional panels throughout the day included a panel of state and federal regulators, a panel of lenders and housing counselors and a panel from education providers. Each shared insight from their respective areas of expertise. The day concluded with break out and open discussion.

**Day 3**: A panel discussion on "Integrating AI into the Appraisal Workflow" explored the legal profession's use of AI and how it relates to the appraisal profession. The buzzwords of the discussion were AI hallucinations and shadow AI.

Each council then broke into its individual meetings.

**Personal Insight**: I was so proud to see so many NAA members in attendance. I will not mention names for fear of leaving someone out. Although not in attendance, Malinda Griffin, MNAA, the Past President of NAA is the chair of the TAFAC committee and has taken on many leadership positions in the last few years.

These meetings are well worth the airfare, hotel expense, and time away from business. The opportunity to network with so many users of appraisal services and fellow appraisers is invaluable. I feel truly blessed to be part of these meetings and I attend as a guest.

# The Power of Collaboration

## How Real Estate Agents, Appraisers, Lenders, and AMCs Strengthen Valuation Outcomes Through Shared Market Intelligence, Accurate Property Data, and Clear Expectations

### by Bryan Meridith, MNAA

The real estate ecosystem is built on interdependent roles. Agents guide buyers and sellers through the emotional and financial complexities of a transaction. Appraisers provide independent, evidence-based valuations that protect both consumers and lenders. Lenders and AMCs ensure regulatory compliance, risk management, and process integrity. When these groups operate in isolation, friction increases, communication breaks down, and valuation disputes become more common. However, when they collaborate intentionally, they are grounded in shared market intelligence, accurate property data, and clear expectations the entire valuation process becomes more credible, efficient, and defensible.

When I was training to become an appraiser back in 2004, I often heard that it was bad for business to talk to other appraisers because they were" the competition" or it was not possible to talk to agents because "they don't care about anything but getting a deal closed". I never agreed with this attitude, and I hope the following outline will help others understand how wrong this attitude of silence and isolation is for the valuation community and everyone who depends on professional appraisal practice.

To my fellow appraisers I ask this simple question, how can you know "what an appraiser's peer's actions would be in performing the same or similar assignment" as discussed in the scope of work rule of USPAP if you do not share information in collaboration with other appraisers? And we most certainly can and should talk to agents about market conditions, property conditions, buyer/seller behavior and numerous other pertinent information. Remember, agents are most proximate to the buyers and sellers, they input the data into the MLS systems we rely on so much for data and agents can understand market dynamics deeply. Let us not promote past mistakes so that we can build a better future.

**Shared Market Intelligence: The Foundation of a More Accurate Valuation Process**

Agents often have the earliest and most nuanced understanding of what is happening in the marketplace. They hear buyer objections during showings, see concessions negotiated in real time, and understand why certain listings sit while others move quickly. Appraisers, on the other hand, analyze closed data, paired sales, and market trends through a retrospective lens. Both perspectives are essential and when shared openly, they create a more complete picture of market behavior.

Shared market intelligence helps appraisers understand pending sales that have not yet closed but reflect current buyer sentiment; identify concessions, seller credits, and atypical terms that may influence price and understand property quality and condition of sales that MLS data alone may not reveal.

When agents provide this intelligence proactively prior to an appraisal being developed, and appraisers receive it as market context rather than pressure, the result is a more informed, defensible valuation that can foster public trust. Lenders and AMCs benefit as well, because fewer surprises in the appraisal report mean fewer reconsideration requests, fewer delays, and fewer escalations.

I keep an open-door policy. I encourage agents, the general public, attorneys, wealth managers, CPAs, and others to call me when they need information about how the appraisal process works or want clarity on the many guidelines that may apply. I've always believed that the time I invest in helping non-appraisers understand the process builds trust and empowers people to navigate the appraisal landscape with confidence through understanding.

I've developed three CE courses for a local real estate association. Each course is three hours, and I typically spend another hour or two answering questions that come up afterward. This interaction benefits my understanding of the local markets because it creates an open discussion with many agents. I'm teaching them about appraisal practice, loan-type-specific guidelines, and helping dispel long-standing myths that have circulated for years.

I strongly encourage appraisers to get involved with realtors in this way, and by joining an MLS board to help facilitate improvements in the type and amount of data available in the MLS systems they rely on. Better data benefits everyone, appraisers, agents, and ultimately the consumers who depend on accurate, well-supported valuations.

**Accurate Property Data: Eliminating Avoidable Disputes**

Accurate, complete property data is one of the most powerful tools for reducing appraisal disputes. Appraisers rely on verifiable information: permits, builder specifications, upgrade lists, surveys, HOA documents, and detailed descriptions of improvements. When this information is incomplete or inaccurate, the appraiser must rely on secondary data and/or assumptions.

Accurate property data provided upfront helps ensure improvements are properly recognized and supported; prevent misclassification of quality, condition, or functional utility and reduce the likelihood of revisions, corrections, or reconsideration requests; Strengthen the credibility of the final report for lenders and AMCs.

For agents, providing complete documentation is not about influencing value, it's about ensuring the appraiser has the same factual foundation as the market used when forming the contract price. For appraisers, requesting missing data is not a sign of weakness, it's a sign of professionalism and due diligence. For lenders and AMCs, accurate data reduces risk, improves turn times, and supports regulatory compliance.

**Clear Expectations: The Key to Professional Alignment**

Many valuation disputes arise not from disagreement, but from misunderstanding. Agents may assume appraisers can consider certain data that USPAP or lender overlays prohibit. Appraisers may assume Agents understand the limitations of the appraisal process. Lenders and AMCs may assume both parties know what is required for underwriting. Clear expectations eliminate these gaps.
Continued on page 11

# Understanding the AQB 2nd Exposure Draft

**by Dana Murray, MNAA**

The Appraiser Qualifications Board (AQB) has released its Second Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria, dated June 22, 2026. The comment period closes July 27, 2026. The full draft runs 159 pages, and the document and comment portal are available on The Appraisal Foundation website at The Appraisal Foundation Document Library.

At the center of the proposal is a new route into the profession that members should understand before the window closes.

### What the Draft Proposes

#### The Fair Housing Course

The pathway has drawn the most attention, but the draft is broader. Section XII revises the required course on valuation bias and fair housing. The subject stays required for every credential classification, and the draft is explicit that it does not remove the requirement. What changes is the hours, the name, and the continuing-education treatment. Qualifying education drops from eight hours to five, with the exam included in the five hours, and the course is renamed "Fair Housing Laws, Impartiality, and Objective Valuation Practice."

The more consequential change is on the continuing-education side. Under the current Criteria, appraisers must complete recurring continuing education on this subject for as long as they hold a credential. The draft converts that recurring requirement to an optional elective, meaning an appraiser could satisfy the subject once and not return to it. The draft notes the AQB is separately considering whether the recurring 7-Hour National USPAP CE course could reinforce the same impartiality and objective-valuation obligations under the USPAP ETHICS RULE. A transition rule credits anyone who completed a qualifying seven-hour-or-more course under the current outline between January 1, 2026 and the new Criteria's effective date.

This change addresses a point of long-standing frustration in the profession. When the recurring requirement was adopted, many appraisers objected that a separate, repeating mandate was redundant, on the view that the obligations of impartiality and objective valuation already run through USPAP's ETHICS RULE and are enforced there. A common sentiment at the time was that the requirement moved forward without much of the field feeling heard. For many appraisers, the proposed rollback is a welcome response to that concern. Members who see it that way, as well as any who would prefer the recurring coverage to be retained, can make their views known in a comment.

#### A New Pathway to Licensure: Demonstration Pathway

The headline item is a new Demonstration Appraisal Report Pathway to the Licensed Residential credential. Under this route, a candidate would complete the required qualifying education, pass the national exam, and submit three independently completed appraisal reports, at least one of which involves a complex property. The reports would be reviewed through an AQB-approved entity. What distinguishes this route from the ones appraisers know today is that there is no supervisory appraiser relationship and no requirement to log experience hours. The candidate demonstrates readiness through reviewed work product rather than through a supervised period.

The AQB frames the change as part of a broader modernization. In the Board's words, the proposals would open additional paths into the profession, remove requirements that are not tied to practice readiness, clarify provisions that have caused confusion, and preserve the core requirements the Criteria is designed to verify. The Board states that the proposals do not lower the bar the credential signifies but rather streamline entry by eliminating requirements it views as unrelated to an applicant's readiness.

#### How It Compares to Existing Pathways

The Demonstration Report route sits alongside pathways already in use. The traditional supervised pathway pairs a candidate with a supervisory appraiser over a logged period of experience. The PAREA and Practicum models build a structured developmental experience around candidate work, with mentor or instructor oversight, simulations, case studies, and required report production across varied assignment and property types, before the candidate practices independently. What separates the Demonstration Report route from all of these is that it verifies three completed reports after the fact, rather than through a supervised period or a structured program with oversight during the work.

#### The Case For the Pathway

Supporters point to several arguments. The supervised pathway has long been a bottleneck, because it depends on finding an established appraiser willing to take on and train a candidate, and that willingness has been uneven. Candidates who finish their education and pass the exam sometimes cannot find a supervisor at all. The Demonstration Report route gives those candidates a way forward that does not hinge on another appraiser's availability.

Supporters also note that the route sets a concrete, reviewable standard. Three independently completed reports, one of them complex, reviewed through an AQB-approved entity, offer a tangible basis for judging competence, as opposed to a log for the hour count whose underlying quality of guidance can vary widely. The Board's position is that the substantive standard is the same across all pathways and that only the form of verification differs. And because the route is faster and does not require a supervisory relationship, advocates see it as one tool for addressing the decline in Licensed Residential credentials and concerns about the profession's capacity and age profile.

#### The Case Against the Pathway

Critics raise concerns that center on what the route leaves out. The principal objection is that reviewing finished reports tests a work product rather than a practitioner's readiness to handle the range of situations that arise in independent practice. On this view, the developmental relationship in the supervised and PAREA models does something a back-end review cannot, namely give a new appraiser someone to consult during the period when judgment is still forming. Critics note that the draft itself describes experience hours as standing for the structured, repeated exposure through which a novice builds judgment and pattern recognition, and they argue three reviewed reports do not reach that same end.

Critics also question whether a single complex report can establish complexity competence, given how widely complex assignments vary. A further structural objection concerns the AQB-approved entity. The draft's definition places no restriction on what kind of organization may serve in that role and lets the entity set the content, complexity, and review requirements for the reports.

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2nd Exposure Draft continued from page 10

Because nothing in the text excludes an appraisal management company, a lender affiliate, or a related entity, critics warn that an organization could end up credentialing appraisers it also employs and directs, consolidating relationships that federal appraiser-independence law, codified at 15 U.S.C. 1639e, was written to keep separate. Some also dispute the shortage premise itself, pointing to the substantial active credential count on the ASC National Registry and the growing share of transactions completed under appraisal waivers, where no appraiser is involved at all.

**A Note on the Practicum**

The draft also addresses a Practicum pathway. Because the Practicum approach retains instructor oversight of the candidate's development, it preserves the developmental component at the center of the Demonstration Report debate, and it has drawn less controversy.

**How to Comment**

The comment period closes July 27, 2026. The 159-page draft and the online comment portal are linked at appraisalfoundation.org/pages/discussions-exposure-drafts.

The AQB has asked commenters to reference specific sections of the draft where possible. Given the length and significance of the proposal, members are encouraged to budget time to read it in full and weigh both the arguments for the pathway and the concerns it has raised before forming a view.

NAA will continue to track the draft and any board action and will keep members informed as the comment period progresses. Also look for the Government Affairs Committee comments under the resource page at NAAppraisers.org.

Power of Collaboration continued from page 9

Clear expectations include what an appraiser can and cannot consider under USPAP; how lender guidelines and overlays influence the scope of work; and what type of market data is helpful and what crosses the line into advocacy; How communication should occur to maintain independence and professionalism; What timelines, deliverables, and documentation lenders and AMCs require.

When expectations are aligned, communication becomes smoother, roles become clearer, and the valuation process becomes more predictable. Agents feel respected, appraisers feel supported, lenders feel protected, and AMCs feel confident in the integrity of the workflow.

**The Result of Collaboration: Fewer Disputes, Stronger Reports, and Better Outcomes for Everyone**

When shared market intelligence, accurate property data, and clear expectations come together, the valuation process transforms. Appraisers produce more credible reports. Agents experience fewer surprises. Lenders see fewer underwriting issues. AMCs manage fewer escalations. The entire ecosystem benefits. Collaboration is not about influencing value, it's about improving clarity, reducing friction, and strengthening the reliability of the valuation process.

This is the future of professional real estate practice: one where communication is proactive, data is complete, and expectations are aligned. When agents, appraisers, lenders, and AMCs operate as informed partners rather than isolated participants, disputes decrease, trust increases, and the valuation process becomes more defensible for all stakeholders.

# Rocky Mountain Appraiser Association Update

## by David Bloxham, MNAA, RMAA President

The Rocky Mountain Appraiser Association (RMAA) is an appraiser-led organization that diligently works to provide timely and useful education to the appraiser community in the Rocky Mountain Region.

UAD 3.6 has brought significant change to our industry, spurring much needed competition and innovation in appraisal technology. Numerous cutting-edge tools have hit the market to assist appraisers work more efficiently and improve the accuracy of their appraisal reports.

RMAA held a FREE, weekly technology series providing appraisers throughout the country an opportunity to view these tools with the goal of helping them work smarter. The RMAA Tech Series: Helping Appraisers Work Smarter were held on Wednesdays during June and July. We are planning some in August from 12:00 -1:00 pm (Mountain Time). If you missed any providers you want to see, the sessions are recorded and available here: https://rmaa.org/rmaa-tech-series/.

RMAA also offers a minimum of 12 hours of CE free to members, and additional discounts on special classes offered throughout the year. Courses are approved for CE in Colorado and Idaho.


Approvals in Wyoming are offered when classes are at least 3 hours. Our bimonthly, regular classes are available to non-members for $35. Our complete event list is available at https://rmaa.org/events-list/.

Great news from Colorado! Our very own Education Chair, JoAnn Apostol, was appointed by Governor Polis to the Colorado Board of Real Estate Appraisers on July 2nd. JoAnn brings a wide variety of experience and expertise to the state board and is an excellent addition. The RMAA congratulates her on her appointment and wishes her the best in her new position!

If you have any interest in RMAA, please check out our website at rmaa.org or feel free to reach out to president@rmaa.org.

# The Summer Squeeze:

## Record Prices, Global Uncertainty and the Mid-2026 Housing Market

### by Kevin Hecht, MNAA

Welcome to the halfway point of 2026! If you were hoping the summer housing market would bring relief from the sluggish pace of spring, the latest data suggests otherwise. Instead, the market continues to navigate a challenging combination of renewed geopolitical tensions, stubborn inflation, elevated borrowing costs, and an affordability crisis that remains one of the most significant obstacles facing homebuyers.

For real estate appraisers, understanding these broader economic forces, what we often call the "Macro Stabilizers" (or, in some cases, destabilizers), is essential for interpreting local market conditions and producing credible, well-supported valuations.

**Global Tensions Return to the Forefront**

After a brief period of optimism in late June, renewed conflict in the Middle East has once again introduced uncertainty into global energy markets. Temporary diplomatic progress had eased concerns over oil supplies, but escalating tensions in early July reversed much of that optimism. Oil prices climbed above $87 per barrel as investors reacted to concerns about potential disruptions to global shipping and energy production.

Higher energy prices do not automatically translate into higher mortgage rates, but they can increase inflationary pressures and influence investor expectations about future Federal Reserve policy. As a result, financial markets have become more cautious heading into the second half of the year.

**The Federal Reserve Continues Its Wait-and-See Approach**

At its June meeting, the Federal Reserve voted unanimously to leave the federal funds target range unchanged at 3.50% to 3.75%.

Inflation has shown encouraging signs of moderation. The Consumer Price Index increased 3.5% over the 12 months ending in June, down from 4.2% in May. While this represents meaningful progress, Federal Reserve officials continue to emphasize that additional evidence of sustained disinflation will be needed before considering further policy adjustments.

The recent increase in oil prices also adds uncertainty to the inflation outlook, making policymakers cautious about declaring victory too soon.

**Treasury Yields, Mortgage Rates, and the Persistent Spread**

Long-term interest rates remain elevated despite moderating inflation. The 10-year Treasury yield hovered around 4.5% during mid-July, reflecting continued uncertainty about inflation, economic growth, and federal borrowing needs.

Mortgage rates have followed suit. Freddie Mac reported the average 30-year fixed mortgage rate at 6.49% during the week ending July 9, while daily lender data showed rates moving closer to 6.6% by mid-July.

Although Treasury yields are an important benchmark for mortgage pricing, the spread between mortgage rates and the 10-year Treasury remains wider than its historical average. Several factors continue to contribute to this unusually large spread, including elevated market volatility, reduced Federal Reserve purchases of mortgage-backed securities, increased investor risk premiums, and ongoing concerns surrounding federal debt issuance.

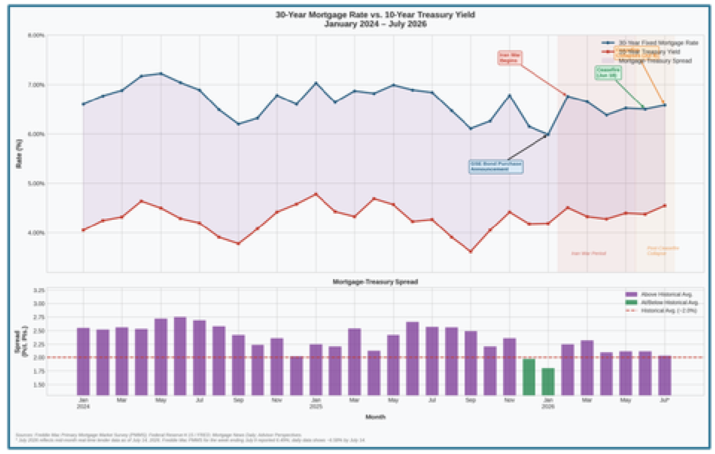


Figure: The 30-year fixed mortgage rate and 10-year Treasury yield, January 2024 through mid-July 2026. The lower panel shows the mortgage-Treasury spread relative to its historical average of approximately 2.0 percentage points. Sources: Freddie Mac PMMS; Federal Reserve H.15/FRED; Mortgage News Daily.

**The Summer Housing Market: Record Prices Despite Weak Sales**

The housing market continues to present an unusual combination of historically weak sales activity alongside record home prices. Existing home sales declined 2.4% in June to a seasonally adjusted annual rate of 4.09 million units. Sales have remained historically subdued for more than three years as affordability challenges continue to limit buyer demand.

Yet despite slower sales, the national median existing-home price reached a record $440,600 in June, up 1.8% from one year earlier.

Inventory has improved to 1.56 million homes, representing a 4.6-month supply. While this is a healthier level than seen during the pandemic housing boom, inventory remains insufficient in many markets to place significant downward pressure on prices. As a result, several housing affordability measures remain near their weakest levels since the years surrounding the Great Recession, leaving many first-time buyers priced out of the market.

**Builder Confidence Remains Weak**

Homebuilders continue to face difficult market conditions. The NAHB/Wells Fargo Housing Market Index declined to 35 in June, marking the fourteenth consecutive month that builder confidence has remained below 40. Builders face pressure from both sides of the market. Higher mortgage rates continue to reduce buyer demand, while construction costs remain elevated. According to the National Association of Home Builders, government regulations, fees, and permitting requirements account for more than one-quarter of the cost of constructing a typical new single-family home.

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# IAC Session in July

## by Michele Golden

The Industry Advisory Council (IAC) breakout session listened to updates to the Vision Forward 2030 for TAF presented by Dr. Randy Flowers. Conversation and clarification around the purpose of the endowment were a focus of the group questions. Jerry Yurek represented the Appraisal Qualifications Board and provided a review of the recent release of the second exposure draft. Questions from IAC member were centered around the AQB approved entity mentioned as part of the additional path created to a licensing credential. Chair Paul Chandler empowered the IAC task force to reconvene and build a response to the exposure draft on behalf of the council. Thank you to Deb Clark for chairing this task force.

The IAC fall meeting will be in Denver, CO on September 17th at the DoubleTree by Hilton Denver Tech Center. The 2027 leadership slate will be discussed and voted on at the next meeting.

# Why RESO Matters to Appraisers

## by Barry Phillips, MNAA, NAA President

In June, I had the opportunity to represent the National Association of Appraisers at the National Association of REALTORS® Appraisal Summit in Washington, D.C., where I served as the appraiser expert on a panel. One of the organizations we discussed in depth was the Real Estate Standards Organization, better known as RESO. RESO develops standards that allow MLSs, brokers, appraisers, technology providers, and other real estate professionals to communicate using a more consistent data language. Its goal is to make it easier for property information to move between different systems without fields being lost, changed, or interpreted differently. RESO does not determine property values or guarantee that every MLS entry is correct, but its standards can help establish more consistent definitions for the information on which appraisers and other real estate professionals rely.

During the panel, I shared an example of a property that appeared in two MLS systems within my market. One system reported 3,198 square feet of total finished area, including 1,376 square feet below grade, while the other reported 4,182 square feet of finished area and only 984 square feet below grade. The basement descriptions and several room dimensions also conflicted. Depending on which information was accepted at face value, the differences could materially affect comparable selection, adjustments, and ultimately the appraisal's value conclusion. Standardized data is not necessarily accurate data, so appraisers must continue to perform their own due diligence. However, appraisers can help RESO and the MLS community by identifying recurring data problems, explaining which fields have the greatest effect on valuation, and advocating for consistent definitions of living area, basement space, condition, concessions, renovations, and other important property characteristics.

Appraisers should also communicate with their local MLS organizations and encourage them to adopt and fully implement RESO standards if they have not already done so. Improving real estate data requires cooperation among appraisers, agents, MLS leaders, and technology providers. That cooperation can begin with something as simple as returning a call from an agent who is trying to verify the square footage of a property. When we can appropriately provide factual information without violating client confidentiality, helping an agent correct or improve an MLS record, it benefits everyone who may rely on that data in the future. Appraisers work with property information every day, and our experience should be part of the conversation as these standards continue to develop.

The Summer Squeeze continued from Page 12

To attract buyers, approximately 35% of builders reduced prices during June, while 62% offered various sales incentives.

### Implications for Appraisers

Several market trends deserve close attention as we move through the remainder of the summer.

**Builder Incentives:** Builder concessions remain widespread. Appraisers should carefully analyze sales incentives, financing concessions, and price reductions to determine whether contract prices accurately reflect market value.

**Affordability Pressures:** Affordability continues to be the primary constraint on housing demand. Monitoring days on market, list-to-sale price ratios, price reductions, and inventory trends will provide valuable insight into changing buyer behavior within individual markets.

**Policy Developments:** Federal, state, and local housing initiatives continue to evolve as policymakers seek to improve affordability and increase housing supply. While several proposals are under consideration, appraisers should monitor enacted legislation and local implementation rather than relying on pending policy discussions when evaluating market impacts.

**Final Thoughts**

The housing market enters the second half of 2026 caught between competing economic forces. Inflation has moderated but remains above the Federal Reserve's long-term target. Mortgage rates remain elevated, affordability continues to challenge buyers, and global uncertainty has added another layer of complexity to the economic outlook.

Although national conditions shape the broader environment, real estate remains fundamentally local. Appraisers who combine sound local market analysis with an understanding of broader macroeconomic trends will be best positioned to produce credible, well-supported valuations as the market continues to evolve.

# What does the 21st Century ROAD to Housing Act mean for Appraisers?

## by Jeff Morley, MNAA

On July 11, 2026, the 21st Century ROAD to Housing Act became federal law. President Trump declined to sign it, but with overwhelming bipartisan support — 85 to 5 in the Senate, 358 to 32 in the House — the bill passed the 10-day constitutional window and became law without his signature. It is the most significant housing legislation to pass Congress since 1990, and it touches nearly all of the housing ecosystem: zoning reform, manufactured housing, community bank lending, and a direct prohibition on large institutional investors purchasing single-family homes, among dozens of other provisions.

**The sections that apply to appraisers: Section 403 and 704**

Section 403, "Appraisal Industry Improvement Act", and Section 704 "Appraisal Modernization Act", are the two provisions that apply directly to the appraisal profession. Neither received much attention in the broader press coverage of the bill, which focused heavily on housing supply and the institutional investor restrictions. Both represent meaningful changes to the legal framework for appraisers.

**Section 403**

Section 403 makes three changes worth understanding. First, it amends the FHAs appraisal requirements to now allow licensed appraisers — not just certified appraisers — to perform appraisals on FHA-insured properties. This sounds like a bureaucratic adjustment, but in practice it removes a barrier that has shaped how appraisal firms operate for years. In many markets, FHA-backed loans represent the majority of purchase transactions. Though the law is now in effect, it remains to be seen how quickly HUD will act to add Licensed appraisers to the registry. Section 403 gives HUD up to 240 days after enactment to publish a Mortgagee Letter or other guidance implementing the new eligibility provisions.

Second, Section 403 establishes a national trainee appraiser registry. For the first time, there will be a federal mechanism to track appraisers who are in the process of accumulating the supervised experience hours required for licensure. State boards have always tracked licensed and certified appraisers, but trainees have not been added to ASC registry, making it nearly impossible to accurately assess the depth of the profession's pipeline of aspiring appraisers.

Third, the section authorizes federal grants to support appraisal workforce development, including programs designed to reduce the cost and logistical barriers associated with training pathways. How those funds get deployed will depend on implementing regulations, but the statutory authority now exists.

**Section 704**

Section 704, the Appraisal Modernization Act, addresses the process by which borrowers can challenge an appraised value. It requires USDA, FHA, and the Federal Housing Finance Agency to mandate that lenders making federally backed loans have formal, documented procedures in place for consumer-initiated reconsiderations of value (ROV). Fannie Mae and Freddie Mac formalized their own reconsideration of value guidelines in 2024. Section 704 extends that standard to FHA, USDA, and VA lending, and it makes the requirement statutory rather than regulatory guidance, meaning it cannot simply be revised or withdrawn by an agency without an act of Congress.

Section 704 also directs the Government Accountability Office to study whether a unified public appraisal database — consolidating data from FHFA, HUD, USDA, and the VA — is feasible. This is a study, not a mandate, and appraisers should understand the distinction. But it signals ongoing federal interest in data transparency around appraisal outcomes, and it is worth monitoring as that work proceeds.

**So, What Does this all Mean for Practicing Appraisers?**

For licensed appraisers who have been unable to take FHA assignments, Section 403 begins to open a market that has been closed to them regardless of their skill or experience. The administrative steps that follow, including any updates lenders or AMCs need to make to their eligibility requirements, will take time to work through the system, but the legal restriction is eliminated.

For certified appraisers who supervise trainees, the new national registry and the expanded eligibility framework for trainee participation in federally backed transactions create a more formal structure around a relationship that has often operated in a compliance gray area. The registry in particular provides insight into the size of the incoming pipeline of future appraisal professionals.

For all appraisers doing FHA, USDA, or VA work, the codified reconsideration of value process under Section 704 means that the formal challenge framework which already exists at the GSE level now applies across the full spectrum of federally backed lending. This provides consistency and clear expectations for how to handle borrower initiated ROV's across all loan types.

**What Comes Next**

The law is enacted, but most of it will not take full effect overnight. The agencies responsible for implementing Section 403 and Section 704 — primarily HUD, USDA, and FHFA — will need to issue implementing regulations. Those regulations will define the specific requirements, timelines, and procedures that give the law its practical applications. When those regulations go out for public comment, appraisers and appraisal organizations will have an opportunity to shape how the statutory language gets translated into actual practice.

Individuals and appraisal organizations like NAA will likely have opportunities for public comment as implementation of Sections 403 and 704 take place in the various agencies. We will keep you up to date as those opportunities arise and rest assured that NAA's Government Affairs Committee will continue to monitor and provide feedback as implementation unfolds.

If you are interested in a deeper dive into the appraisal provisions in this law, including the full legislative context, the AQB exposure draft running parallel to these changes, and what the bill means for the future of appraiser licensing, see Market Moves with Mark and Jeff, Episode 92:
(https://www.youtube.com/@MarketMoveswithMarkandJeff).