

**[Discussion Draft]**  
**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO H.R. 2553**  
**OFFERED BY Mr. Cleaver**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

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

**4 SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) Two Federal agencies, the Federal Home  
7 Owners’ Loan Corporation and the Federal Housing  
8 Administration played a major role in the develop-  
9 ment of the modern home mortgage origination in-  
10 dustry.

11 (2) Both Federal agencies explicitly considered  
12 the racial and ethnic make up of neighborhoods  
13 when underwriting loans and valuing the real estate  
14 to be used as home loan collateral.

15 (3) Both agencies devalued property or refused  
16 to make loans secured by property in communities of  
17 color.

1 (4) The harmful consequences of this discrimi-  
2 nation remain unresolved.

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

4 (a) ESTABLISHMENT.—The Appraisal Subcommittee  
5 of the Financial Institutions Examination Council shall fa-  
6 cilitate the establishment and convening of an Interagency  
7 Task Force on Real Estate Valuation (in this section re-  
8 ferred to as the “Task Force”).

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

11 (1) The Director of the Federal Housing Fi-  
12 nance Agency.

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

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

17 (4) The President of the Government National  
18 Mortgage Association.

19 (5) The Chairperson of the board of directors  
20 of one of the Federal home loan banks, selected by  
21 the Chairpersons of the boards of directors of all of  
22 the Federal home loan banks.

23 (6) The Assistant Secretary of the Department  
24 of Housing and Urban Development who is the Fed-  
25 eral Housing Commissioner.

1           (7) The Undersecretary for Rural Development  
2 of the Department of Agriculture.

3           (8) The Secretary of Veterans Affairs.

4           (9) The Director of the Bureau of Consumer  
5 Financial Protection, who shall serve as the Chair-  
6 person of the Task Force.

7           (10) The Comptroller of the Currency.

8           (11) The Chairperson of the Board of Directors  
9 of the Federal Deposit Insurance Corporation.

10          (12) The Chairman of the Board of Governors  
11 of the Federal Reserve System.

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

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

16          (15) The Principal Deputy Assistant Secretary  
17 of the Bureau of Indian Affairs of the Department  
18 of the Interior.

19          (16) A representative for each of the State Ap-  
20 praiser Regulatory Agencies of Guam, Puerto Rico,  
21 the Virgin Islands, and the Commonwealth of the  
22 Northern Mariana Islands.

23 (c) DUTIES.—The Task Force shall—

24           (1) harmonize to the greatest extent possible  
25 the various collateral underwriting standards and

1 guidance of the agencies and entities represented on  
2 the Task Force governing residential and commer-  
3 cial real estate valuations, including standards and  
4 guidance with respect to appraisals, non-traditional  
5 and alternative methods of providing real estate  
6 property evaluations such as automated valuation  
7 models, processes and procedures for managing re-  
8 considerations of value by consumers, and standards  
9 and guidance with respect to common collateral un-  
10 derwriting challenges, such as energy efficient hous-  
11 ing and limited or inactive markets;

12 (2) to the extent that standards or guidance de-  
13 scribed under paragraph (1) are not harmonized, the  
14 Task Force shall issue a report to Congress explain-  
15 ing why harmonization cannot or should not be im-  
16 plemented;

17 (3) establish specific definitions for limited or  
18 inactive housing markets in which comparable sales  
19 are limited or unavailable over a certain period of  
20 time, and establish greater flexibilities and guidance  
21 for appraisals and any underwriting processes asso-  
22 ciated with appraisals conducted in such markets,  
23 such as the ability to consider market evidence for  
24 similar properties in other geographic areas or uti-  
25 lizing a range of value;

1           (4) aggregate data across Task Force members,  
2           including from the Uniform Appraisal Dataset, to  
3           build upon existing research, including ethnographic  
4           research, conducted by academics, think tanks, and  
5           private entities, and conduct a study to determine  
6           whether there are racial disparities at both the bor-  
7           rower and community level in the valuation and  
8           price of the residential real estate to be used as col-  
9           lateral for mortgage applications processed by Task  
10          Force Members;

11          (5) identify specific causes of such racial dis-  
12          parities and—

13                (A) adopt changes to address such causes;

14                or

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

19          (6) Evaluate whether there are any barriers to  
20          entry that are disproportionately preventing minori-  
21          ties from entering into the appraisal profession, such  
22          as current minimum requirements established by the  
23          Appraiser Qualifications Board, the cost and avail-  
24          ability of education, the content of the State ap-

1 praiser exam questions, or the time it takes to finish  
2 training.

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

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

13 (f) REPORTS.—

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

21 (2) ONGOING.—Periodically after the submis-  
22 sion of the report pursuant to paragraph (1), the  
23 Chairperson shall submit reports to the Congress  
24 setting forth updates of the findings and actions  
25 taken to further the duties of the Task Force.

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

5 (1) at least 2 civil rights advocates;

6 (2) at least 2 consumer advocates;

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

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

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

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

16 (7) at least 2 individuals who are industry ex-  
17 perts on alternative valuation models;

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

23 (9) at least one individual who is a historian  
24 specializing in racialized housing policy;

1 (10) at least one individual who is a scholar  
2 specializing in Indigenous Studies; and

3 (11) at least one individual who is a social sci-  
4 entist who studies appraisals.

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

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

10 The Financial Institutions Reform, Recovery, and  
11 Enforcement Act of 1989 is amended—

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

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

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

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

19 (D) in paragraph (6), by striking the pe-  
20 riod at the end and inserting “a semicolon;  
21 and”; and

22 (E) by adding at the end the following new  
23 paragraph:

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



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

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

4 (B) by striking the comma after “com-  
5 ment”;

6 (C) by inserting before “Any regulations”  
7 the following:

8 “(b) REGULATIONS.—”; and

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

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

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

24 “(1) IN GENERAL.—The Appraisal Sub-  
25 committee shall carry out a program under this sub-

1 section to makes grants to State agencies, nonprofit  
2 organizations, and institutions of higher education to  
3 promote diversity and inclusion in the appraisal pro-  
4 fession.

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

9 “(A) funding scholarships;

10 “(B) providing training and education;

11 “(C) providing implicit bias training for  
12 appraisers; and

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

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

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

1 “(i) scholarships for students of color  
2 who want to pursue a career in real estate  
3 appraisal; and

4 “(ii) subsidizing living expenses for  
5 those students while in training; and

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

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

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

24 “(6) AUTHORIZATION OF APPROPRIATIONS.—  
25 There is authorized to be appropriated to the Ap-

1 praisal Subcommittee for grants under this sub-  
2 section \$50,000,000 for each of fiscal years 2022  
3 through 2026.”.

