



Office of Housing Counseling

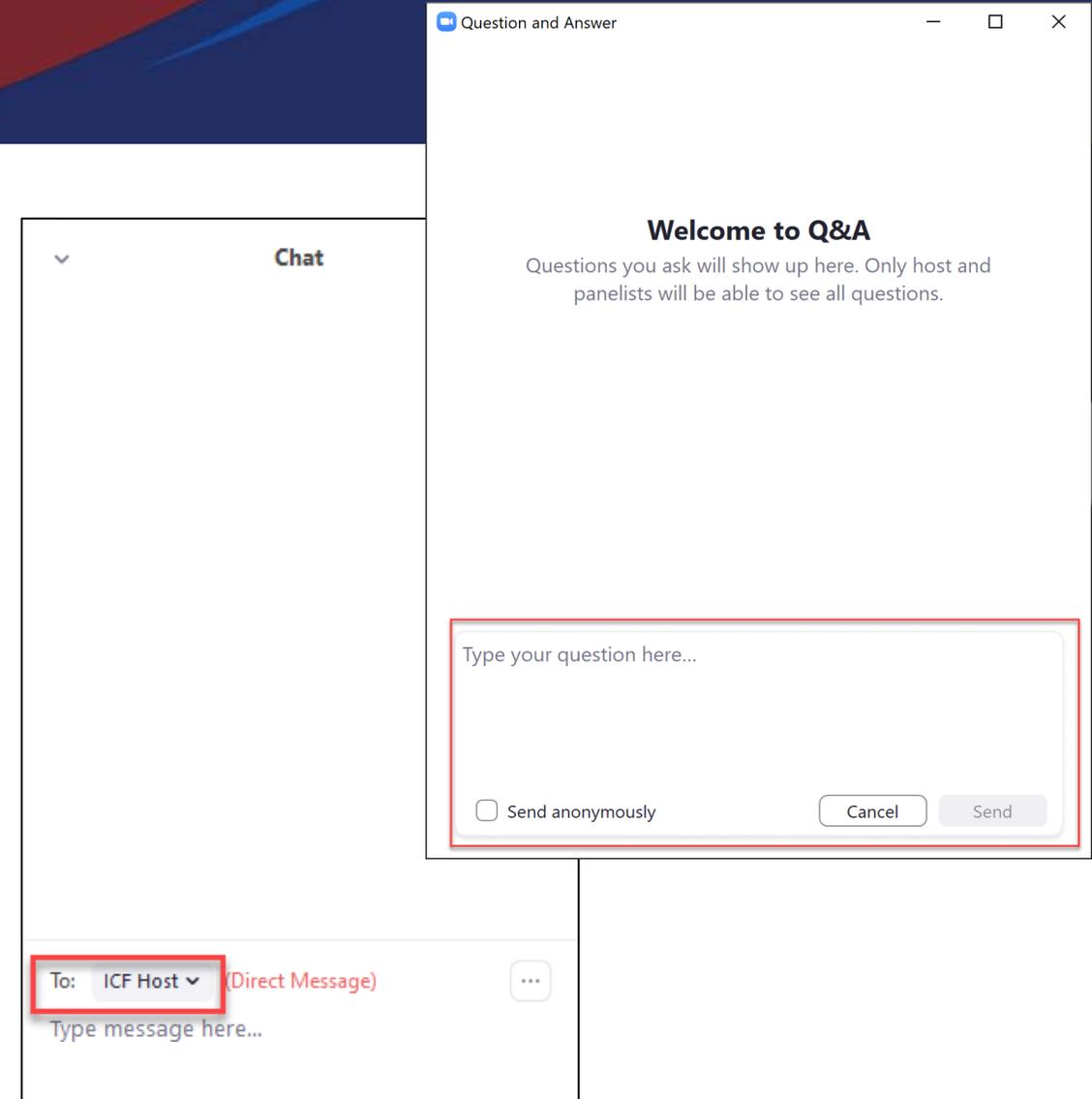
What Housing Counselors Need to Know

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

February 22, 2023

Questions?

- Participants are in listen only mode
- Chat
 - Submit any technical issues via the Chat box
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Materials

- The PowerPoint has been posted for this session. We will provide the link in the Chat box
- Webinar materials are posted on the HUD Exchange in the [Webinar Archive](#) 7-14 days after the live webinar
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Housing Counseling Webinar Archives

Page Description
This page contains links to the archived versions of previously recorded webinars presented by the Office of Housing Counseling. In order to listen to the archived webinar, you will need call the 800 # listed and enter the access code. Any course materials, including the PowerPoint Presentations are also posted. You should have the presentations available when you listen to the webinar. If you have any questions regarding the webinars archived on this site, please contact [Virginia Holman](#).

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Webinar Title and Link	Description	Date
Fringe Benefit Costs	This webinar discussed the Office of Management and Budget's (OMB's) cost principles related to fringe benefits and how to properly document and calculate fringe benefits.	February 15, 2022
Training NOFO Grant Execution	This webinar was recommended for all grantees awarded funding under the 2021 Housing Counseling Training NOFO (TNOFO).	February 8, 2022

Webinar Certificate

- Webinar attendance will be marked following the live webinar
- Once attendance is marked you can print a Webinar Certificate by logging into your account and going to your [Learning Transcript](#)
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Housing Counseling Webinar: 9902 Form and Toolkit - Revision Highlights, Tips, and Tools

Close Record

Progress: Completed **Status:** Enrolled **Required:** Yes **Duration:** 1 hour

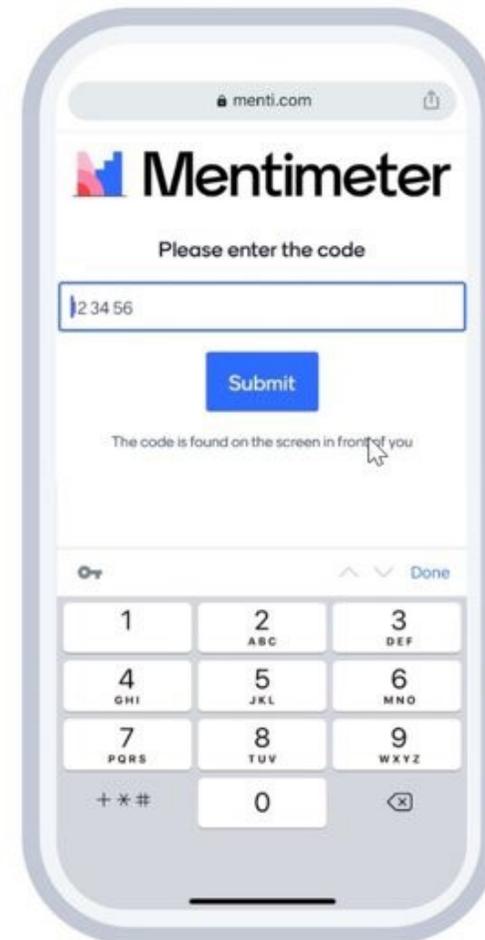
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— Activities

Class Sessions

Feedback and Polling

- There will be questions provided in Mentimeter throughout this presentation
- Please respond to questions at www.menti.com using your computer or smart phone



**Time for
Mentimeter!**



Training Learning Objectives

- Participants will learn about:
 - Appraisal bias in home property valuations
 - Actions outlined in the PAVE Action Plan which federal agencies have collaborated on and made commitments to root out appraisal bias
 - Recommendations and best practices for counseling clients and individuals who have been impacted by appraisal bias
 - Available resources which can support housing counselors and their clients

Agenda

- Lessons learned from Generational Wealth Gap Roundtable
- PAVE Action Plan
- Housing Counseling Agency Perspective
 - NHS of Chicago
 - Fair Housing Advocates of Northern CA (HCA/FHIP)
- Appraiser's Perspective
- Q&A
- Resources

Presenters

- **Ayako Marsh Miranda**, Subcontractor to ICF, Certified Appraiser
- **David Berenbaum**, Deputy Assistant Secretary, Office of Housing Counseling, U.S. Department of Housing and Urban Development (HUD)
- **Melody Taylor**, Associate Deputy Assistant Secretary for Enforcement Compliance, Office of Fair Housing & Equal Opportunity, U.S. Department of Housing and Urban Development (HUD)
- **Julia Howard-Gibbon**, Supervising Attorney, Fair Housing Advocates of Northern California
- **Falon Young**, Housing Policy Associate, Neighborhood Housing Services of Chicago
- **Michael Ibanez**, Senior HomeOwnership Counselor, Neighborhood Housing Services of Chicago

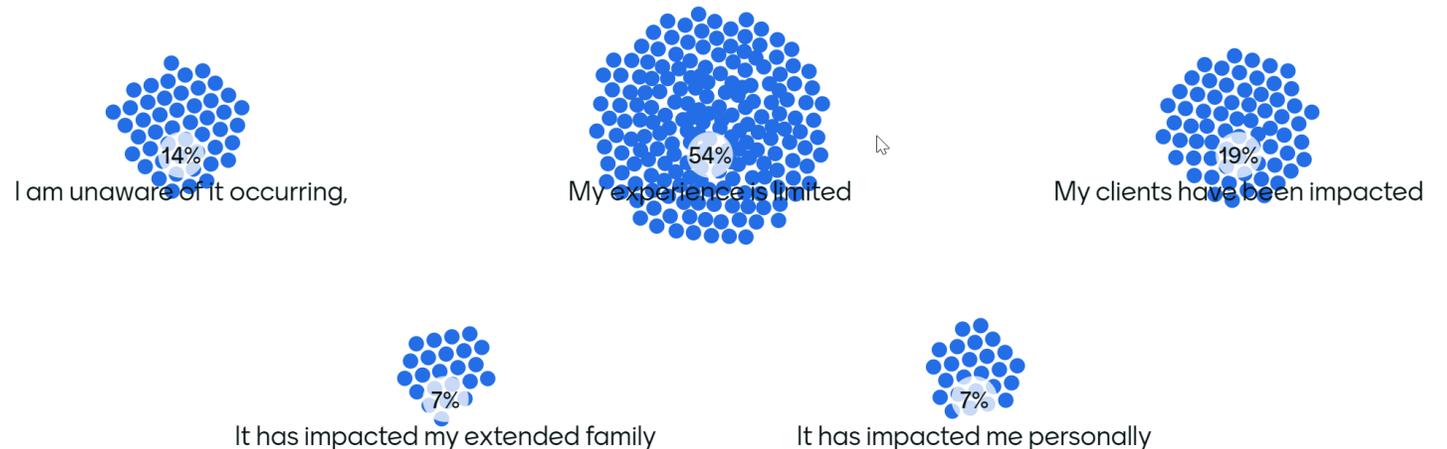


Lessons Learned from the Generational Wealth Gap Roundtable

Lessons from the Roundtable

- Experiences vary across the country, organization, and lived experience
 - 54% - experience is limited
 - 33% - clients, extended family and personal experience
- Organizations shared with us the impact of appraisal bias on generational wealth, includes all of the following:
 - Contributes to the financial stability of families
 - Helps ensure future generations have resources to build upon
 - Supports the creation of thriving communities

Please select your experience with appraisal bias:



Lessons from Roundtable (cont)

- Two personal stories of appraisal bias from two different markets in the country
- Multiple markets across the country are being impacted by appraisal bias
- We heard from two housing counseling agencies actively combating appraisal bias: Neighborhood Housing Services of Chicago and The Spanish Coalition for Housing and how they are supporting clients that have been impacted.
- The National Association of Realtors provided some of the history and what's changes are being considered.

Call to Action for HCAs

- Explore where education on appraisal bias can be included in your homeownership counseling and education programs
- Engage fair housing agencies in your service delivery area and explore ways to partner
- Continue the conversation and join us for the other webinars in this series
- Come back for specific resources and tools HCAs can use to help identify bias



KEY ELEMENTS & QUESTIONS TO
**APPRAISED
VALUE**

Reconsideration of Value

Neighborhood

Has the neighborhood description been defined accurately?

Subject Property Condition

Do the comparable sales and the subject property relate in terms of condition?

Comparable Sales

Are at least some of comparable sales selected from the defined neighborhood?

Adjustments and Reconciliation

Are adjustments supported using market data?

Appraiser Comments

Do the comments imply or reflect bias?



PAVE Action Plan

PAVE

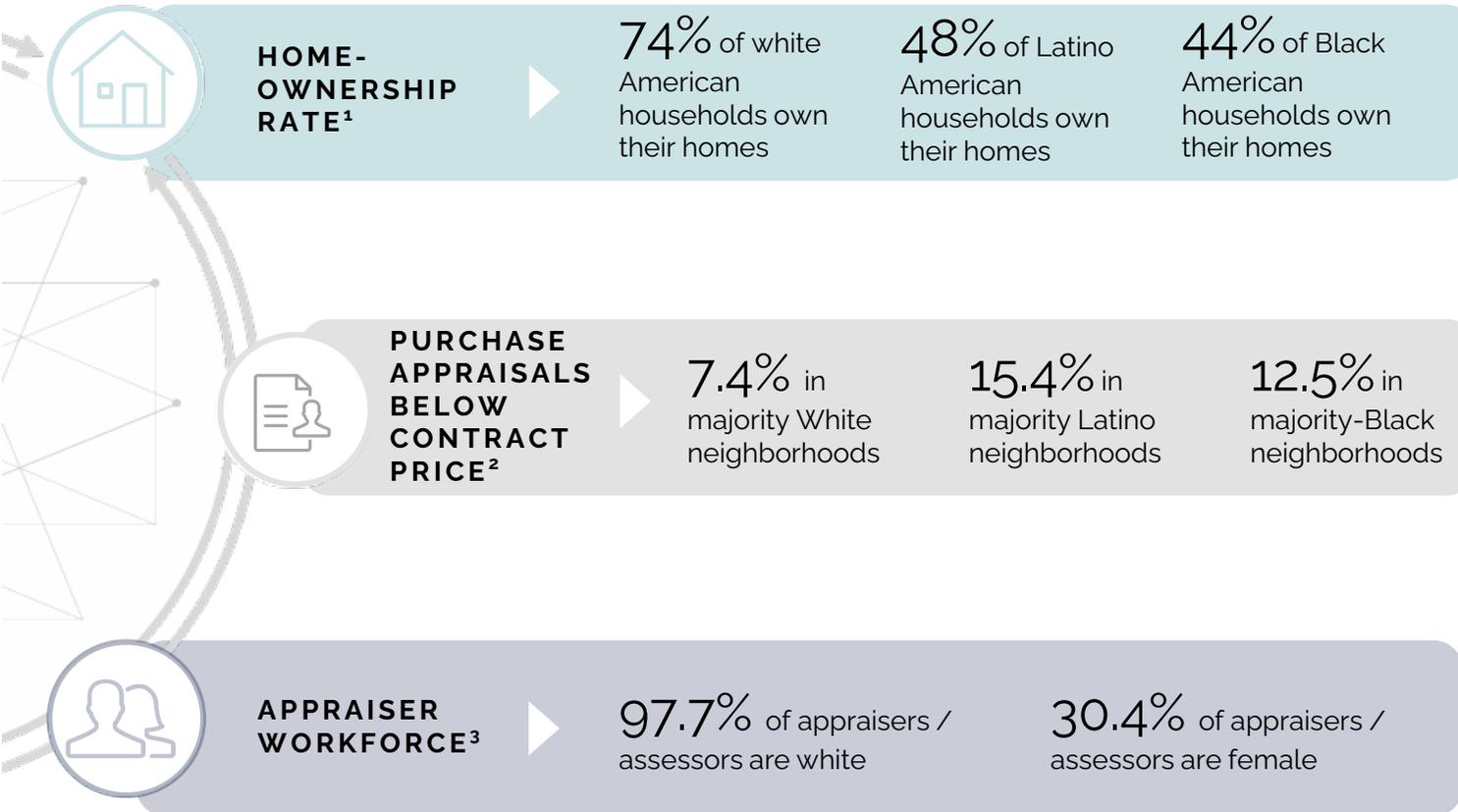
Rooting Out Bias in Home Appraisals

pave.hud.gov/gethelp



Impact of Appraisal Bias

THE DATA



THE IMPACT

The homeownership gap is a significant contributor to the racial wealth gap.

- Eliminating racial disparities in rates of homeownership would shrink the wealth gap between Black and white households by 31 percent and between Latino and white households by 28 percent.⁴

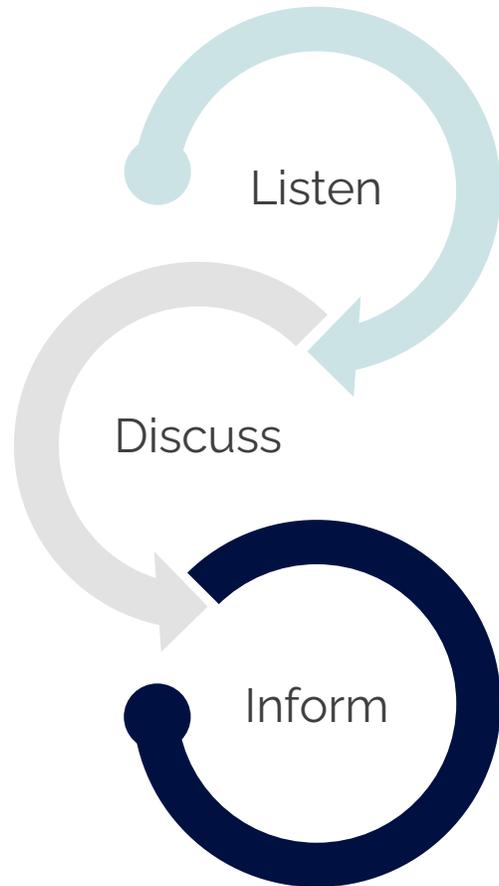
Undervaluations can create financial harm to potential homebuyers of color and entire communities.

- A below-contract purchase appraisal increases the likelihood by 7 percent that a property sale will be delayed or not completed.⁵
- The cumulative effect of undervaluations is a dampening of home values in that neighborhood, thus reducing the realized wealth of all the neighborhood's home-owners.

Barriers to entry have historically limited diversity within the appraiser workforce.

- The credentialing requirements to become an appraiser are extensive, including up to 3,000 hours of sometimes unpaid experience to be completed as a trainee under the guidance of a supervisor (i.e., an apprenticeship).

Stakeholder Engagement



Listening Sessions and Other Stakeholder Input

PAVE organized an Industry Listening Session with more than 125 appraisal and lending industry stakeholders to discuss potential solutions to combat appraisal bias. While drafting the PAVE Action Plan, the Task Force also considered written stakeholder proposals from several industry groups, many of which informed the agency commitments outlined in the Action Plan.

Roundtable Discussions

PAVE convened a group of philanthropic and community organizations to discuss recently-published research around the topic of appraisal bias and the racial homeownership gap. After discussing this research, the roundtable focused on identifying national and local solutions to combatting appraisal bias in coordination with the release of the PAVE Action Plan.

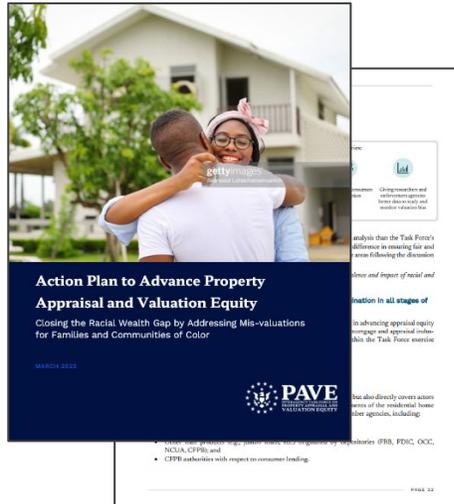
PAVE Task Force Website

In March 2022, the Task Force re-launched the PAVE website to serve as a central resource for learning more information on how the Federal government is combatting appraisal bias. Today, the website contains critical information for consumers, industry, and other partners of the Task Force on how to get help, get involved, and stay informed around the work of PAVE.

The Task Force intends for the agency commitments in the Action Plan will enable continued dialogue and collaboration with key stakeholders in the appraisal and housing industry, advocates, consumers, and local communities.

Highlights from Action Plan

The PAVE Action Plan was released to the public on March 23, 2022. The commitments in the PAVE Action Plan reflect the following six key themes:



The PAVE Action Plan is comprised of **21 unique commitments agencies** will take to eliminate bias and advance equity in home appraisals.

Key Themes:

- 1 Making the appraisal industry more accountable
- 2 Empowering consumers with information and assistance
- 3 Ensuring that technology-based alternatives to "human" appraisals do not perpetuate bias
- 4 Cultivating an appraiser profession that is well-trained and looks like the communities it serves
- 5 Coordinating enforcement to keep industry accountable
- 6 Leveraging federal data and expertise to inform policy, practice, and research on appraisal bias

Early PAVE Accomplishments



DOJ issued a Statement of Interest, which clarifies that appraisers can be held liable under current fair housing laws and establishes the Federal government's commitment to combatting appraisal bias.



CFPB, FRB, OCC, FDIC, NCUA, HUD, FHFA, and DOJ issued a letter to The Appraisal Foundation clarifying that the nation's fair housing laws cover all aspects of appraisals.



The Appraisal Subcommittee released an independent review of appraisal standards and appraiser qualification criteria, which included a broad set of recommendations around the appraisal industry's governance structure and fair housing training.



FHA issued a Mortgagee Letter (ML 21-27) to clarify nondiscrimination requirements applicable to appraisers and lenders, including the Fair Housing Act and antidiscrimination laws at the local, state, and federal levels.



Data sharing conversations among key federal agencies have begun with a joint inter-agency agreement on the horizon.



Released the PAVE Action Plan in March 2022, which provides a clear-eyed assessment of steps the Federal Government is committing to take in the short run to advance appraisal equity .

Progress To-Date

Since the release of the PAVE Action Plan, Task Force agencies have already taken steps to advance equity in the appraisal process.

1

Updating Appraiser Education Courses

The Appraisal Subcommittee (ASC) released a letter to States related to the 7-hour National USPAP Update Course.

2

UAD Form Redesign

The Uniform Appraisal Dataset (UAD) is being upgraded to use the latest MISMO reference model, and will utilize a single data-driven, flexible, and dynamic report that will still allow appraisers to provide comments in each section.

3

Industry Diversity

Utilizing Federal grant funds, the State of Mississippi launched a nine-month appraiser program and graduated a class of 17 diverse appraisers in August.

4

Data Sharing

FHFA has begun sharing appraisal data with HUD to foster research and improved enforcement related to appraisal bias.

5

AVM Rulemaking

CFPB is working with other PAVE Task Force agencies to draft a proposed rule that will include a nondiscrimination quality control standard to address potential bias.

6

Enforcement

HUD has established a uniform approach to investigating complaints alleging valuation bias against appraisers, appraisal companies, appraisal management companies and lenders.

PAVE Action Plan – Housing Counseling Program - Focused Commitments

- Action 4.2: Incorporate appraisal bias information into first-time homebuyer education courses
 - Update National Industry Standards
 - Create training module
 - Develop educational materials
- Action 4.3: Train housing counselors to empower them to assist potential victims of appraisal bias as part of pre- and post- purchase homeownership counseling.
 - Update Housing Counselor Exam
 - Establish best practices in counseling delivery



Housing Counseling Agency Perspective



Myth 1: “You cannot talk to the lender or realtor about the appraisal process”





Myth 2: “Homeowners cannot find their own comparable homes”





Myth 3: “You are not able to request a reconsideration of value”





Inaccuracies and Bias

- Incorrect square footage
- Incorrect # of bedrooms and baths
- Omitting certain features, improvements, or renovations
- Comparables dissimilar to the subject property
- Language in the report
- Black race population above state average
- “Predominantly Hispanic”
- “More racial influence of late”
- “Homogeneous neighborhoods with good/bad schools”
- Group homes (ex. senior homes)



FAIR HOUSING
ADVOCATES
OF NORTHERN CALIFORNIA

*Detecting and Combating **Appraisal Bias***

Fair Housing Advocates of Northern California

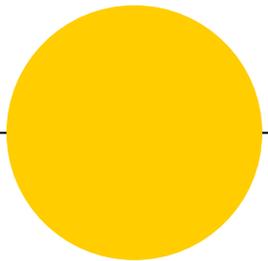


Julia Howard-Gibbon, Supervising Attorney
February 22, 2023



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*What does appraisal bias
look like?*





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Ron & Dominique's Story





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Neighborhood Differences





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Interior Differences





What should you do if you suspect appraisal bias?

- ◎ You have options!
 - Request an ROV (if you haven't done so already)
 - Contact your local FHIP who may be able to investigate your claim and/or represent you in a:
 - Complaint with HUD
 - Complaint with your local FHAP
 - Lawsuit
 - Complain to regulatory agencies (CFPB, Appraiser Licensing agencies)

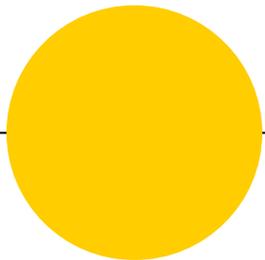


FAIR HOUSING
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Examples of Appraisal Bias: Case Studies

- ❖ ***Similarity/Affinity – Sameness or the feeling of comfort that looks and talks like you. Appraiser trusts the validity and words of people that look like them over people that look different than them***

Appraiser assumes or gives benefit of doubt regarding recent updates to homeowner that looks and talks like him or her over homeowner that does not

- ❖ ***Confirmation - Confirmation bias is the tendency to search for, interpret, favor, and recall information in a way that confirms or supports one's prior beliefs or values***

Appraiser based on their prior experience of assignments in a neighborhood have formed an opinion of probable value and seek data to confirm their existing belief



Appraisal Bias: Solutions

Training – Mandatory bias training with Real World Appraisal Examples

Diversity/Inclusion– The number of Black appraisers is estimated at 2 percent nationally. Seek and Hire a diverse team of appraisers

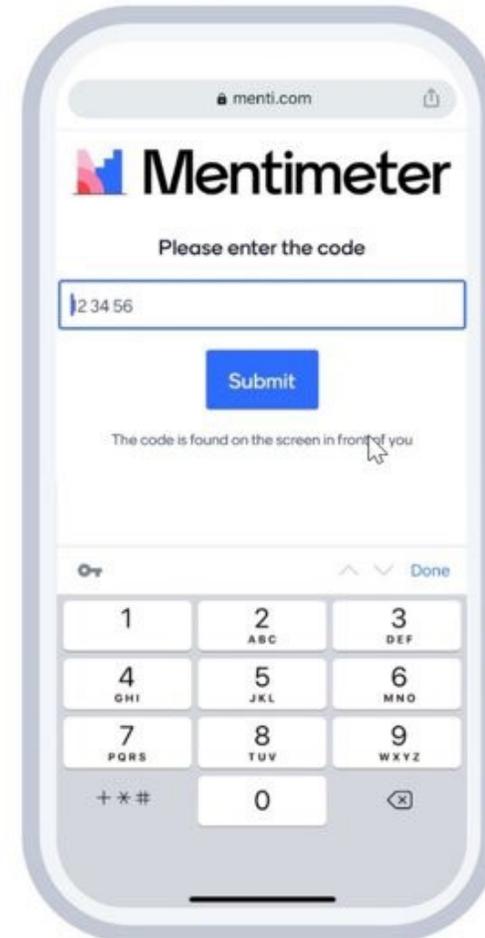
Homeowner Education – Educate homeowners and users of appraisal services on the appraisal process

Individual Adjustments – Individual adjustments are to be performed using data support

Standard Appeal Process/Reconsideration of Value Standards – Develop standard procedure for responding to appraisal appeals or reconsideration of value that is fair and equitable

Feedback and Polling

- There will be questions provided in Mentimeter throughout this presentation.
- Please respond to questions at www.menti.com using your computer or smart phone.



**Time for
Mentimeter!**





Questions and Answers





Closing Remarks



Resources

Future Webinars in the Series and Digest

- Upcoming Combating Appraisal Bias Series webinars:
 - March 15: [Housing Counseling and FHEO Agencies Combining Forces to Combat Appraisal Bias](#) (with HUD's National Fair Housing Training Academy)
 - [Find a Housing Counselor](#)
 - [Find FHIP Grantees](#)
 - [Find FHAP Grantees](#)
 - [Visit the Training Digest on the HUD Exchange](#)
 - [NHS Navigating the Appraisal Process Guide](#)

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Combating Appraisal Bias Series: Identify, Empower, and Collaborate

January 09, 2023

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HUD's Office of Housing Counseling (OHC) and the Office of Fair Housing and Equal Opportunity (FHEO) are working together to combat appraisal bias. The work of the [Property Appraisal and Valuation Equity \(PAVE\)](#) task force includes developing strategies and action plan steps that housing counselors can adopt to best serve their clients. In the year since the launch of PAVE, the work of the task force is in full swing, including the joint collaboration of FHEO and OHC. Housing counseling agencies (HCAs) play a significant role in combating appraisal bias as they work with clients every day who rely upon accurate appraisals for pre-purchase, refinancing, and reverse mortgages.

There are three sessions planned in this robust, learner-centric webinar series. The first session will feature an engaging roundtable format where consumers and HCAs share their experiences from two different markets in the country. The second and third sessions will unpack the work of the PAVE Task Force, the PAVE Action Plan, and highlight tools, strategies, and next steps for HCAs.

Training Objectives:

Participants will learn:

- How to raise awareness of appraisal bias and how appraisal bias can be identified
- How appraisal bias impacts consumers
- How to assist consumers who may have been subjected to biased appraisals
- What commitments federal agencies have made to root out appraisal bias
- How to share strategies and available resources which can support housing counselors and empower their clients

Who Should Attend?

Office of Housing Counseling



- Find us on the [HUD Exchange Housing Counseling Page](#)
- Email us at: Housing.counseling@hud.gov



Office of Housing Counseling

Thank You For Attending

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