

.....
(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Truth in Lending Act to require that financial institutions, appraisal management companies, appraisers, and other valuation professionals are serving the housing market in a manner that is efficient and consistent for all mortgage loan applicants, borrowers, and communities, and for other purposes; to study the feasibility of creating a national public appraisal database.

IN THE HOUSE OF REPRESENTATIVES

Ms. PRESSLEY introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Truth in Lending Act to require that financial institutions, appraisal management companies, appraisers, and other valuation professionals are serving the housing market in a manner that is efficient and consistent for all mortgage loan applicants, borrowers, and communities, and for other purposes; to study the feasibility of creating a national public appraisal database.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Appraisal Moderniza-
3 tion Act”.

4 **SEC. 2. RECONSIDERATION OF VALUE.**

5 (1) IN GENERAL.—Section 129E of the Truth
6 In Lending Act (15 U.S.C. 1639e) is amended—

7 (A) by redesignating subsections (j) and
8 (k) as subsections (k) and (l), respectively; and

9 (B) by inserting after subsection (i) the
10 following:

11 “(j) CONSUMER RIGHT TO RECONSIDERATION OF
12 VALUE OR SUBSEQUENT APPRAISAL.—

13 “(1) DEFINITIONS.—In this section:

14 “(A) UNACCEPTABLE APPRAISAL PRAC-
15 TICE.—The term ‘unacceptable appraisal prac-
16 tice’ means an appraisal report that—

17 “(i) uses unsupported or subjective
18 terms to assess or rate the property with-
19 out providing a foundation for analysis and
20 contextual information;

21 “(ii) uses inaccurate or incomplete
22 data about the subject property, the neigh-
23 borhood, the market area, or any com-
24 parable property;

1 “(iii) includes references, statements
2 or comparisons about crime rates or crime
3 statistics, whether objective or subjective;

4 “(iv) relies in the appraisal analysis
5 on comparable properties that were not
6 personally inspected by the appraiser when
7 required by the appraisal’s scope of work;

8 “(v) relies in the appraisal analysis on
9 inappropriate comparable properties;

10 “(vi) fails to use comparable prop-
11 erties that are more similar, or nearer, to
12 the subject property without adequate ex-
13 planation;

14 “(vii) uses comparable property data
15 provided by any interested party to the
16 transaction without verification by a disin-
17 terested party;

18 “(viii) uses inappropriate adjustments
19 for differences between the subject prop-
20 erty and the comparable properties that do
21 not reflect the market’s reaction to such
22 differences; or

23 “(ix) fails to make proper adjust-
24 ments, including time adjustments for dif-

1 ferences between the subject property and
2 the comparable properties when necessary.

3 “(B) UNSUPPORTED.—The term ‘unsup-
4 ported’ means, with respect to an appraisal re-
5 port or an appraiser’s opinion of value, that the
6 appraisal report or the opinion of value is not
7 supported by relevant evidence and logic.”.

8 (2) REVIEW.—In connection with a consumer
9 credit transaction secured by a consumer’s principal
10 dwelling, a creditor shall have a review and resolu-
11 tion procedure for a consumer-initiated reconsider-
12 ation of value or subsequent appraisal that complies
13 with the following requirements:

14 “(A) The creditor shall complete its own
15 appraisal review before delivering the appraisal
16 to the consumer.

17 “(B) The creditor shall have policies and
18 procedures that provide the consumer with a
19 process to submit 1 request for a reconsider-
20 ation of value and subsequent appraisal prior to
21 the loan closing or within 60 calendar days of
22 denial of a credit application if the consumer
23 believes the appraisal report may be unsup-
24 ported, may be deficient due to an unacceptable

1 appraisal practice, or may reflect discrimina-
2 tion.

3 “(C) At the time of application and upon
4 delivery of the appraisal report to the con-
5 sumer, the creditor shall provide a written dis-
6 closure to the consumer describing the process
7 for requesting a reconsideration of value or sub-
8 sequent appraisal, which written disclosure shall
9 include a standardized format for the consumer
10 to submit the request for a reconsideration of
11 value, including—

12 “(i) the name of the borrower;

13 “(ii) the property address;

14 “(iii) the effective date of the ap-
15 praisal;

16 “(iv) the appraiser’s name;

17 “(v) the date of the request;

18 “(vi) a description of why the con-
19 sumer believes the appraisal report may be
20 unsupported, may be deficient due to an
21 unacceptable appraisal practice, or may re-
22 flect discrimination;

23 “(vii) any additional information,
24 data, including not more than 5 alternative
25 comparable properties and the related data

1 sources that the consumer would like the
2 appraiser to consider; and

3 “(viii) an explanation of why the new
4 information, data, or comparable prop-
5 erties support the reconsideration of value.

6 “(D) The creditor shall obtain the nec-
7 essary information from the consumer if the
8 consumer’s request for reconsideration of value
9 or subsequent appraisal is unclear or requires
10 more information.”.

11 (E) The creditor shall have a standardized
12 format to communicate the reconsideration of
13 value to the appraiser, which format shall in-
14 clude—

15 “(i) the name of the borrower;

16 “(ii) the property address;

17 “(iii) the effective date of the ap-
18 praisal;

19 “(iv) the appraiser’s name;

20 “(v) the date of the request;

21 “(vi) a description of any area of the
22 appraisal report that may be unsupported,
23 may be deficient due to an unacceptable
24 appraisal practice, or may reflect discrimi-
25 nation;

1 “(vii) any additional information,
2 data, including not more than 5 alternative
3 comparable properties and the related data
4 sources that the consumer would like the
5 appraiser to consider;

6 “(viii) an explanation of why the new
7 information, data, or comparable prop-
8 erties support the reconsideration of value;

9 “(ix) a definition of turn-time expecta-
10 tions for the appraiser to communicate the
11 reconsideration of value results back to the
12 creditor;

13 “(x) instructions for delivering the re-
14 consideration of value response as part of
15 a revised appraisal report that includes
16 commentary on conclusions regardless of
17 the outcome; and

18 “(xi) a reference for appraisers on
19 how to correct minor appraisal issues or
20 non-material errors not related to the re-
21 consideration of value process.”.

22 (3) SUBSEQUENT APPRAISAL AND REFERRAL.—

23 “(A) IN GENERAL.—If the creditor identi-
24 fies material deficiencies in the appraisal report
25 that are not corrected or addressed by the ap-

1 praiser upon request of the creditor, including
2 through a consumer-initiated reconsideration of
3 value, or if there is evidence of unsupported or
4 unacceptable appraisal practices, the creditor
5 shall—

6 “(i) at the request of the consumer,
7 order a subsequent appraisal at the credi-
8 tor’s own expense; and

9 “(ii) forward the appraisal report and
10 the creditor’s summary of findings to the
11 appropriate appraisal licensing agency or
12 regulatory board. ”’.

13 (B) DISCRIMINATION.—If the creditor has
14 reason to believe that an appraisal report re-
15 flects discrimination, the creditor shall—

16 “(i) order a subsequent appraisal, at
17 the creditor’s own expense;

18 “(ii) forward the appraisal report and
19 the creditor’s summary of findings to the
20 appropriate local, State, or Federal en-
21 forcement agency; and

22 “(iii) upon a final determination of
23 discrimination by the appropriate local,
24 State, or Federal enforcement agency, re-
25 ceive a reimbursement from the appraiser

1 covering the cost of the subsequent ap-
2 praisal ordered by the creditor.

3 “(C) DEFINITION.—

4 “(i) IN GENERAL.—Except as pro-
5 vided in clause (ii), in this paragraph, the
6 term ‘reason to believe’ means that the
7 creditor has reviewed the applicable law
8 and available evidence and determined that
9 a potential violation of Federal or state
10 antidiscrimination law exists. The available
11 evidence may include the appraisal report,
12 loan files, written communications, credible
13 observations by persons with direct knowl-
14 edge, statistical analysis, and the apprais-
15 er’s response to the request for a reconsid-
16 eration of value.

17 “(ii) EXCEPTION.—The term ‘reason
18 to believe’ does not mean that there is a
19 final legal determination of discrimination.

20 “(4) DOCUMENT RETENTION.—The creditor
21 shall retain all documentation and written commu-
22 nications related to the request for reconsideration
23 of value or subsequent appraisal in the loan file dur-
24 ing the 7-year period beginning on the date on which
25 the consumer submitted the credit application.

1 “(5) RULE OF CONSTRUCTION.—This sub-
2 section is consistent with the exceptions to the ap-
3 praiser independence requirements found in sub-
4 section (c). Nothing in this subsection shall be con-
5 strued to require a creditor to submit a reconsider-
6 ation of value to the original appraiser before order-
7 ing a subsequent appraisal from a subsequent ap-
8 praiser.”.

9 (2) RULES AND INTERPRETATIVE GUIDE-
10 LINES.—Section 129E(g) of the Truth in Lending
11 Act (15 U.S.C. 1639e(g)) is amended—

12 (A) in paragraph (1), by striking “para-
13 graph (2), the Board” and inserting “para-
14 graphs (2) and (3), the Bureau”; and

15 (B) by adding at the end the following:

16 “(3) FINAL RULE.—Not later than 1 year after
17 the date of enactment of this paragraph, the Federal
18 Housing Finance Agency shall issue a final rule
19 after notice and comment and issue such guidance
20 as may be necessary to carry out and enforce sub-
21 section (j).”.

22 **SEC. 3. PUBLIC APPRAISAL DATABASE.**

23 (1) COVERED AGENCIES DEFINED.—The term
24 “covered agencies” means—

1 (A) the Federal Housing Finance Agency,
2 on behalf of the Federal National Mortgage As-
3 sociation and the Federal Home Loan Mortgage
4 Corporation;

5 (B) the Department of Housing and
6 Urban Development, including the Federal
7 Housing Administration;

8 (C) the Department of Agriculture; and

9 (D) the Department of Veterans Affairs.

10 (2) FEASIBILITY REPORT.—No later than 240
11 days after the date of enactment of this Act, the
12 Comptroller General of the United States shall issue
13 a public report to Congress assessing the feasibility
14 of creating a publicly available appraisal database
15 that consists of a searchable and downloadable ap-
16 praisal level public use file that consolidates ap-
17 praisal data held or aggregated by covered agencies,
18 which shall include—

19 (A) the costs and benefits associated with
20 establishing and maintaining the public data-
21 base;

22 (B) the benefits and risks associated with
23 either the Federal Housing Finance Agency or
24 the Bureau of Consumer Financial Protection
25 being responsible for the public database and

1 whether there is another Federal agency best
2 suited for implementing and administering such
3 database;

4 (C) any safety and soundness, antitrust, or
5 consumer privacy-related risks associated with
6 making certain appraisal data factors publicly
7 available, including whether—

8 (i) there are any existing legal re-
9 quirements, including under the Home
10 Mortgage Disclosure Act of 1974 (12
11 U.S.C. 2801 et seq.) and section 552 of
12 title 5, United States Code (commonly
13 known as the “Freedom of Information
14 Act”), or additional actions Federal agen-
15 cies could take to mitigate such risks, such
16 as modifying or aggregating data, or elimi-
17 nating personally identifiable information;
18 and

19 (ii) there are any data factors that, if
20 made public, may violate conduct, ethics,
21 or other professional standards as they re-
22 late to appraisals and appraisal or valu-
23 ation professionals;

24 (D) the feasibility of consolidating or
25 matching appraisal data held by covered agen-

1 cies with corresponding data that is required
2 and made public under the Home Mortgage
3 Disclosure Act of 1974 (12 U.S.C. 2801 et
4 seq.);

5 (E) whether the publication of any ap-
6 praisal data factors may pose unfair business
7 advantages within the valuation industry;

8 (F) the feasibility of including all valuation
9 data held by covered agencies, including data
10 produced by automated valuation models;

11 (G) the feasibility and benefits of making
12 the full appraisal dataset, including any modi-
13 fied fields, available to—

14 (i) Federal agencies, including for
15 purposes related to enforcement and super-
16 vision responsibilities;

17 (ii) relevant State licensing, super-
18 vision, and enforcement agencies and State
19 attorneys general;

20 (iii) approved researchers, including
21 academics and nonprofit organizations
22 that, in connection with their mission,
23 work to ensure the fairness and consist-
24 ency of home valuations, including apprais-
25 als; and

1 (iv) any other entities identified by
2 the Comptroller General as having a com-
3 pelling use for disaggregated data;

4 (H) what appraisal data is already avail-
5 able in the public domain; and

6 (I) the feasibility of incorporating legacy
7 data held by covered agencies during the period
8 beginning on January 1, 2017 and ending on
9 the date of enactment of this Act, and whether
10 there are specific data points not easily consoli-
11 dated or matched, as described in subparagraph
12 (D), with more recent data.

13 (3) PURPOSE.—The database described in para-
14 graph (2) shall be used to provide the public, the
15 Federal Government, and State governments with
16 residential real estate appraisal data to help deter-
17 mine whether financial institutions, appraisal man-
18 agement companies, appraisers, valuation tech-
19 nologies, such as automated valuation models, and
20 other valuation professionals are serving the housing
21 market in a manner that is efficient and consistent
22 for all mortgage loan applicants, borrowers, and
23 communities.

24 (4) CONSULTATION.—As part of the informa-
25 tion used in the report required under paragraph

1 (2), the Comptroller General of the United States
2 shall conduct interviews with—

3 (A) relevant Federal agencies;

4 (B) relevant State licensing, supervision,
5 and enforcement agencies and State attorneys
6 general;

7 (C) appraisers and other home valuation
8 industry professionals;

9 (D) mortgage lending institutions;

10 (E) fair housing and fair lending experts;

11 and

12 (F) any other relevant stakeholders as de-
13 termined by the Comptroller General.

14 (5) HEARING.—Upon the completion of the re-
15 port under paragraph (2), the Committee on Bank-
16 ing, Housing, and Urban Affairs of the Senate and
17 the Committee on Financial Services of the House of
18 Representatives shall each hold a hearing on the
19 findings of the report and the feasibility of estab-
20 lishing a public appraisal-level appraisal database.