National Fair Housing Alliance
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October 28, 2026

The Honorable Scott Turner
Secretary
U.S. Department of Housing and Urban Development
451 7th Street SW
Washington, D.C. 20410-0500

The Honorable Bill Pulte
Director
Federal Housing Finance Agency
400 7th Street SW
Washington, D.C. 20219

The Honorable Brooke Rollins
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250

The Honorable Doug Collins
Secretary
U.S. Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, D.C. 20420

The Honorable Mark Paoletta
Acting Director
Consumer Financial Protection Bureau
1700 G St. NW
Washington, D.C. 20552

Re: Implementation of the Appraisal Modernization Act, Section 704 of the 21st Century ROAD to Housing Act, and Improvements to Agency ROV Policies

Dear Secretary Turner, Director Pulte, Secretary Rollins, Secretary Collins, and Acting Director Paoletta:

The National Fair Housing Alliance (NFHA) and the undersigned civil rights, housing, and consumer advocacy organizations write to urge you to swiftly implement the Appraisal Modernization Act, Section 704 of the 21st Century ROAD to Housing Act (ROAD Act)[1] by adopting or improving a consumer's right to appeal an appraisal under a reconsideration of value and subsequent appraisal process (ROV or right to an ROV) and by releasing appraisal data to the public. These actions will help combat inaccurate and discriminatory appraisals, improve fair and transparent home valuations for all, protect consumers' ability to access their hard-earned home equity, reduce consumer costs, and promote efficiency and transparency in the real estate market. A collaborative, interagency approach that

[1] 21st Century ROAD to Housing Act, Pub. L. No. 119-101, § 704 (2026), https://www.congress.gov/bill/119th-congress/house-bill/6644 [hereinafter ROAD Act].

relies on shared principles, but recognizes the unique aspects of each of your programs, is needed to address these longstanding problems and best implement the ROAD Act in compliance with your agencies' statutory responsibilities to affirmatively further the purposes of the Fair Housing Act in your programs and activities (including financial regulation).[2]

This letter provides background on the problem of inaccurate and discriminatory appraisals, identifies where current ROV policies and practices by your agencies fall short of what is needed to address the problem of inaccurate and discriminatory appraisals and comply with the ROAD Act, recommends actions needed to address the shortfalls, and urges your agencies to release public appraisal data to further address the problem of inaccurate and discriminatory appraisals.

In summary, we recommend the following actions related to ROV policies:

- For FHFA:
    - Give Borrowers a No-Cost Second Appraisal When Warranted
    - Improve Fannie Mae Policy Language About Minimum ROV Standards
    - Incorporate References to Fair Lending Legal Protections and Second Appraisal Information into the Required Disclosure
    - Incorporate Collateral Underwriter and Loan Collateral Advisor into ROV Policy
- For HUD:
    - Restore the 2024 FHA ROV Policy
    - Update ROV Policy to Incorporate Recommendations for FHFA
- For VA:
    - Update VA ROV Policy to Incorporate Current Fannie Mae and Freddie Mac Policies, Recommendations for FHFA, and 2024 FHA ROV Policy
    - Update and Improve VA Circular 26-23-05
    - Incorporate Discriminatory Appraisal Bias Checks into the Tidewater Process
- For USDA:
    - Update Direct Loan ROV Policy to Incorporate Current Fannie Mae and Freddie Mac Policies, Recommendations for FHFA, and 2024 FHA Policy
    - Update Handbook 3550 Letter 17
    - Create an ROV Policy for the Guaranteed Loan Program
    - Create an ROV Adverse Decision Letter for Handbook 3555
    - Update Form RD 1922-15 Administrative Appraisal Review
- For CFPB:

[2] 42 U.S.C. § 3608(d), (e)(5).

- Reaffirm Good Faith Exercise of an ROV is Protected Under ECOA
- Incorporate References to Fair Lending Legal Protections and Second Appraisal Information into the ECOA Appraisal Disclosure

We further recommend that the agencies begin releasing public appraisal data through FHFA's existing appraisal data products and then develop a more permanent solution for government-wide public appraisal data.

I. The Continuing Problem of Inaccurate and Discriminatory Appraisals

Appraisals are an essential part of the real estate market. An appraiser has the unique power to determine the value of a home, which for most Americans, is their single most important financial asset and holds the key to wealth, stability, and opportunity for their family and generations to come.[3] Yet, if you "[l]ook critically at the appraisal process," one prominent appraiser and bank executive noted, "you will discover the potential for discrimination at almost every step along the way."[4] This is due to the variety of factors considered in appraisal, often with significant discretion, that provide the perfect opportunity for subjective interpretation and can lead to discrimination.[5]

Inaccurate and discriminatory appraisals create serious harm to generational wealth-building. "If I can get the true value for my home, then I can pass that value on to whoever [sic] may come after me," said one Federal Reserve Bank official, "But if I can't get a fair appraisal, then you have, in effect, taken away from my wealth."[6] Inaccurate and discriminatory appraisals can create harms even beyond the family that experiences it directly, impacting the tax base, school funding, and community investments.[7] Black,

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[3] *Devalued, Denied, and Disrespected: How Home Appraisal Bias and Discrimination Are Hurting Homeowners and Communities of Color: Hearing Before the H. Comm. on Fin. Servs.*, 117th Cong. (Mar. 29, 2022) (testimony of Lisa Rice, President & CEO, National Fair Housing Alliance), https://www.congress.gov/event/117th-congress/house-event/114561 [hereinafter Rice Testimony].

[4] William Pittenger, *Managing the Appraisal Component of Fair Lending Compliance*, ABA BANK COMPLIANCE (Mar./Apr. 1996).

[5] *Home Mortgage Disclosure Act: Joint Hearings Before the Subcomm. on Consumer Affairs & Coinage and the Subcomm. on Hous. & Cmty. Dev. of the H. Comm. on Banking, Fin. & Urb. Affs.*, 102d Cong. (May 7 & 14, 1992) (testimony of Shanna L. Smith), https://www.google.com/books/edition/Home_Mortgage_Disclosure_Act/2tz4Q-_ZkioC?hl=en&gbpv=0.

[6] FEDERAL RESERVE BANK OF CLEVELAND, 1996 ANNUAL REPORT (1996), https://www.clevelandfed.org/-/media/project/clevelandfedtenant/clevelandfedsite/publications/annual-reports/ar-1996-local-solutions-lasting-change-pdf.pdf (noting a 1994 test in which four different appraisers valued the same property in a Black neighborhood in Cleveland at between $28,000 and $83,500).

[7] Rice Testimony, *supra* note 3.

Latino, and other communities of color often bear the brunt of home inaccurate and unfair home valuations.[8]

While the Fair Housing Act of 1968 banned discriminatory appraisals,[9] legal action was required to begin to change the practices of the appraisal industry to enforce compliance with the Fair Housing Act.[10] Congress recently enacted significant inaccurate and discriminatory appraisal reforms in the bipartisan ROAD Act, which codified reconsideration of value policy requirements for all federally related mortgages and will result in a study and congressional hearings on the public release of appraisal data.[11]

Research has repeatedly shown that appraisers are more likely to undervalue homes owned by Black and Latino individuals, as well as homes in communities of color.[12] A 2021 study by Freddie Mac found that Black and Latino homeowners are more likely to receive appraisal values lower than the contract price than White owners, and that a large portion

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[8] *Id.*

[9] 42 U.S.C. § 3601 *et seq.*

[10] *United States v. Am. Inst. of Real Est. Appraisers*, 442 F. Supp. 1072 (N.D. Ill. 1977).

[11] ROAD Act § 704https://www.congress.gov/bill/119th-congress/house-bill/6644.

[12] NATIONAL FAIR HOUSING ALLIANCE ET AL., IDENTIFYING BIAS AND BARRIERS, PROMOTING EQUITY: AN ANALYSIS OF THE USPAP STANDARDS AND APPRAISER QUALIFICATIONS CRITERIA (Jan. 2022) (commissioned by the Appraisal Subcommittee), https://nationalfairhousing.org/wp-content/uploads/2022/02/2022-01-28-NFHA-et-al_Analysis-of-Appraisal-Standards-and-Appraiser-Criteria_FINAL.pdf; Scott Susin, *Underappraisal Disparities and Time Adjustments*, FHFA INSIGHTS BLOG (Jan. 16, 2024), https://www.fhfa.gov/blog/insights/underappraisal-disparities-and-time-adjustments; Heather Abraham, *Appraisal Discrimination: Five Lessons for Litigators*, 76 SMU L. REV. 205 (2023), https://scholar.smu.edu/cgi/viewcontent.cgi?article=4958&context=smulr; Hannah Gable & David Garcia, *Reducing Bias in Home Appraisals: The Roles for Policy and Technology*, TERNER CENTER FOR HOUSING INNOVATION (Mar. 3, 2022), https://ternercenter.berkeley.edu/research-and-policy/reducing-bias-in-home-appraisals-the-roles-for-policy-and-technology/; Jake Williamson & Mark Palim, *Appraising the Appraisal*, FANNIE MAE (Feb. 2022), https://www.fanniemae.com/media/42541/display; Melissa Narragon et al., *Racial and Ethnic Valuation Gaps in Home Purchase Appraisals*, FREDDIE MAC ECONOMIC & HOUSING RESEARCH NOTE (2021); Melissa Narragon et al., *Racial and Ethnic Valuation Gaps in Home Purchase Appraisals—A Modeling Approach*, FREDDIE MAC ECONOMIC & HOUSING RESEARCH NOTE (2022); Chandra Broadnax & James Wylie, *Reducing Valuation Bias by Addressing Appraiser and Property Valuation Commentary*, FHFA INSIGHTS BLOG (Dec. 14, 2021), https://www.fhfa.gov/blog/insights/reducing-valuation-bias-by-addressing-appraiser-and-property-valuation-commentary; Jonathan Liles, *Exploring Appraisal Bias Using UAD Aggregate Statistics*, FHFA INSIGHTS BLOG (Nov. 2, 2022), https://www.fhfa.gov/Media/Blog/Pages/Exploring-Appraisal-Bias-UsingUAD-Aggregate-Statistics.aspx; Jake Lilien, *Faulty Foundations: Mystery-Shopper Testing in Home Appraisals Exposes Racial Bias Undermining Black Wealth*, NATIONAL COMMUNITY REINVESTMENT COALITION (Oct. 2022), https://ncrc.org/faulty-foundations-mystery-shopper-testing-in-home-appraisals-exposes-racial-biasundermining-black-wealth/; Andre Perry et al., *The Devaluation of Assets in Black Neighborhoods: The Case of Residential Property*, BROOKINGS INSTITUTION (Nov. 27, 2018), https://www.brookings.edu/research/devaluation-of-assets-in-black-neighborhoods/; Junia Howell et al., *Appraised: The Persistent Evaluation of White Neighborhoods as More Valuable Than Communities of Color* (Nov. 2022), https://www.eruka.org/appraised; Edward Pinto et al., *How Common Is Appraiser Racial Bias?—An Update*, AMERICAN ENTERPRISE INSTITUTE (May 2022), https://www.aei.org/wp-content/uploads/2022/06/How-Common-is-Appraiser-Racial-Bias-An-Update-May-2022-FINAL-corrected-1.pdf?x73875; Gregory Squires & Ira Goldstein, *Property Valuation, Appraisals, and Racial Wealth Disparities*, POVERTY & RACE RESEARCH ACTION COUNCIL (Summer 2021), https://www.prrac.org/newsletters/pr-summer-preview-2021.pdf; Brent Ambrose et al., *Do Appraiser and Borrower Race Affect Mortgage Collateral Valuation?*, 30 REV. FIN. 639 (2026), https://academic.oup.com/rof/article/30/2/639/8316104.

of appraisers are generating statistically significant gaps in appraisal value.[13] Homes in majority-Black neighborhoods are also 1.9 times more likely to be appraised under the contract price than homes in majority-white neighborhoods and are valued roughly 21% to 23% below what their valuations would be in non-Black neighborhoods. [14] A study of 133 metro areas shows the difference in valuation is estimated to result in $156 billion in cumulative losses for Black neighborhoods.[15] Another study shows that homes in White neighborhoods are valued at 250 percent and 278 percent higher than in homes in Black and Latino communities, respectively, providing White homeowners with trillion in racialized appraisals.[16]

Media reports have similarly highlighted the scope of the problem, the impact on families, and the need for government intervention at all levels.[17] Public hearings have elicited extensive testimony from impacted families, experts, and relevant officials.[18] Disciplinary

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[13] Freddie Mac, Racial and Ethnic Valuation Gaps In Home Purchase Appraisals (Sept. 20, 2021), https://www.freddiemac.com/research/insight/20210920-home-appraisals.

[14] Johnathan Rothwell & Andre Perry, *How racial bias in appraisals affects the devaluation of homes in majority-Black neighborhoods,* The Brookings Institute, December 5, 2022, https://www.brookings.edu/research/how-racial-bias-in-appraisals-affects-the-devaluation-of-homes-in-majority-black-neighborhoods/

[15] *Id.*

[16] Junia Howell & Elizabeth Korver-Glenn, *Appraised: The Persistent Evaluation of White Neighborhoods as More Valuable Than Communities of Color*, Eruka, Washington University (Nov. 2022), https://static1.squarespace.com/static/62e84d924d2d8e5dff96ae2f/t/6364707034ee737d19dc76da/1667526772835/Howell+and+Korver-Glenn+Appraised_11_03_22.pdf.

[17] *See, e.g.,* Julian Glover, *Our America: Lowballed*, ABC7, https://abc7.com/feature/our-america-lowball-home-appraisal-racial-bias-discrimination/12325606/; Debra Kamin, *Widespread Racial Bias Found in Home Appraisals*, N.Y. TIMES (Nov. 2, 2022), https://www.nytimes.com/2022/11/02/realestate/racial-bias-home-appraisals.html; *Undervalued: Black Homeowners Fight for Unbiased Appraisals*, INVESTIGATETV (Feb. 19, 2024), https://www.investigatetv.com/2024/02/19/undervalued-black-homeowners-fight-unbiased-appraisals/; *What's Your Home Worth? A WUSA9 Investigation into Appraisal Bias*, WUSA9 (July 8, 2022), https://www.youtube.com/watch?v=AfBedQpoIWQ; *For Black Homeowners, a Common Conundrum with Appraisals*, WASH. POST (Jan. 20, 2021), https://www.washingtonpost.com/realestate/for-black-homeowners-a-common-conundrum-with-appraisals/2021/01/20/80fbfb50-543c-11eb-a817-e5e7f8a406d6_story.html; Justin Gray, *Channel 2 Investigation Finds That Homes in Majority-Black Neighborhoods Are Undervalued*, WSB-TV (Nov. 11, 2022), https://www.wsbtv.com/news/local/channel-2-investigation-finds-that-homes-majority-black-neighborhoods-are-undervalued/4KSBVZP43FHCNIRHPLOM2EJZNA/; Ira Goldstein & Greg Squires, *The Federal Government Won't Stop Home Appraisal Bias. Local Officials Can*, SHELTERFORCE (Aug. 27, 2025), https://shelterforce.org/2025/08/27/local-officials-ca-stop-home-appraisal-bias-local-officials-can/; Orla McCaffrey, *Freddie Mac Finds Home Appraisals in Black, Latino Areas More Likely to Fall Short*, WALL ST. J. (Sept. 21, 2021), https://www.wsj.com/economy/housing/freddie-mac-finds-home-appraisals-in-black-latino-areas-more-likely-to-fall-short-11632245869; *Fannie Mae, Freddie Mac Pressed to Help Curb Bias*, WASH. POST (Mar. 9, 1991), https://www.washingtonpost.com/archive/realestate/1991/03/09/fannie-mae-freddie-mac-pressed-to-help-curb-bias/2d55dc17-a2d3-4f71-9f61-cc035f6b8efd/; Errol T. Louis, *The Price Is Wrong*, SHELTERFORCE (May 1, 1997), https://shelterforce.org/1997/05/01/the-price-is-wrong/.

[18] *First Appraisal Subcommittee Hearing on Appraisal Bias* (Jan. 24, 2023), https://www.asc.gov/sites/default/files/2024-06/J056_F-2023%20Jan%2024%20Appraisal%20Subcommittee%20Hearing_MPB_final_041824.pdf; *Second Appraisal Subcommittee Hearing on Appraisal Bias* (May 19, 2023), https://www.fhfa.gov/news/news-release/fhfa-to-host-appraisal-subcommittee-asc-hearing-on-appraisal-bias; *Third Appraisal Subcommittee Hearing on*

actions have shown state appraisal regulators' willingness to take action to enforce fair housing principles.[19] Lawsuits and legal settlements[20] have made clear that discriminatory appraisal bias has been a persistent and ongoing problem.

In the ROAD Act, Congress took the first step to address the problem. Section 704 of the ROAD Act contains two important reforms. First, it requires agencies to implement an ROV process.[21] Fixing the system for handling borrower ROV requests is an important step toward making appraisals fairer. A report on the Uniform Standards of Professional Appraisal Practice (USPAP) noted that both fair housing organizations and appraisal organizations complained about the ROV process as a point of frequent breakdown in the

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Appraisal Bias (Nov. 1, 2023), https://www.consumerfinance.gov/archive/blog/next-public-hearing-on-appraisal-bias-november-1/; *Fourth Appraisal Subcommittee Hearing on Appraisal Bias* (Feb. 13, 2024), https://www.youtube.com/watch?v=Kz-rtRWp5k0.

[19] Press Release, Colorado Department of Regulatory Agencies, Division of Real Estate, *Revocation of Both a Colorado Appraiser License and Colorado Controlling Appraiser License* (Jan. 8, 2025), https://dre.colorado.gov/division-notifications/news-release-revocation-of-both-a-colorado-appraiser-license-and-colorado (revoking the license of an appraiser named in *United States v. Rocket Mortgage* for violations of state appraisal law); *In re Grievance Nos. 23-14, 23-15, 23-16* (Ky. Real Estate Auth. Appraisers Bd.) (agreed order), https://www.documentcloud.org/documents/24434191-kentucky-real-estate-appraisers-board-agreement-order/?responsive=1&title=1; Consent Agreement, No. 2021-000397-IT-ENF (Mass. Bd. of Registration of Real Estate Appraisers Mar. 2023), https://www.documentcloud.org/documents/24434202-racial-bias-2021-000397-it-enf-jm_redacted/?responsive=1&title=1; *Undervalued*, *supra* note https://www.investigatetv.com/2024/02/19/undervalued-black-homeowners-fight-unbiased-appraisals/16 (noting state appraisal disciplinary actions in Massachusetts and Tennessee).

[20] Conciliation Agreement with JPMorgan Chase Bank, FHEO Case No. 05-21-0635-8 (Mar. 8, 2021), https://archives.hud.gov/news/2021/21Chase-Conciliation-Agreement_Redacted_Redacted.pdf; *Connolly v. Lanham*, No. 1:22-cv-2048-SAG (D. Md. Feb. 28, 2024) (settlement agreement between plaintiffs and loanDepot.com LLC), https://www.relmanlaw.com/assets/htmldocuments/Connolly%20loanDepot%20-%20Settlement%20Agreement%20-%20fully%20executed.pdf; Press Release, Fair Housing Advocates of Northern California, *Resolution Reached with Appraiser in Discrimination Complaints Alleging Race and National Origin Discrimination in Home Appraisal Process* (Apr. 17, 2025), https://www.fairhousingnorcal.org/press-releases-and-statements/resolution-reached-with-appraiser-in-discrimination-complaints-alleging-race-and-national-origin-discrimination-in-home-appraisal-process; Press Release, Fair Housing Advocates of Northern California, *Discrimination Lawsuit Alleging Race Discrimination in Home Appraisal Process Settled with AMC* (Oct. 13, 2022), https://www.fairhousingnorcal.org/press-releases-and-statements/discrimination-lawsuit-alleging-race-discrimination-in-home-appraisal-process-settled-with-amc; Press Release, Fair Housing Advocates of Northern California, *Lawsuit Alleging Race Discrimination in Home Appraisal Process Settled with Appraiser* (Mar. 6, 2023), https://www.fairhousingnorcal.org/press-releases-and-statements/discrimination-lawsuit-alleging-race-discrimination-in-home-appraisal-process-settled-with-appraiser; Press Release, Fair Housing Advocates of Northern California, *Discrimination Complaint Alleging Race Discrimination in Home Appraisal Process Settled with Appraiser* (May 7, 2024), https://www.fairhousingnorcal.org/press-releases-and-statements/discrimination-complaint-alleging-race-discrimination-in-home-appraisal-process-settled-with-appraiser; Complaint, *United States v. Rocket Mortgage*, No. 24-cv-02915 (D. Colo. Oct. 21, 2024), https://www.justice.gov/opa/media/1374076/dl?inline.

[21] ROAD Act § 704(a).

ability of borrowers to obtain fair and accurate appraisals.[22] This complaint applied to all borrowers, including borrowers of color. NFHA members provide training on how to utilize ROV requests to address potential discriminatory appraisal bias.[23] Second, it requires a study by the Government Accountability Office (GAO) on a public appraisal database, to be followed by congressional hearings.[24]

II. Reconsideration of Value

NFHA and the undersigned civil rights, housing, and consumer advocacy organizations reviewed existing agency ROV policies in light of the ROAD Act, the Fair Housing Act, other applicable law, and best practices. The following section contains recommendations for the agencies to update or adopt ROV policies.

A. Federal Housing Finance Agency (FHFA)

FHFA's ROV policies for Fannie Mae and Freddie Mac were first implemented in 2024.[25] FHFA issued regulatory orders to Fannie Mae and Freddie Mac on September 18, 2026, stating FHFA's view that the 2024 policies comply with the ROAD Act and requiring Fannie Mae and Freddie Mac to maintain compliance with the ROAD Act.[26]

FHFA's current policy is well-structured, but NFHA and the undersigned civil rights, housing, and consumer advocacy organizations believe that additional actions are necessary to comply with the ROAD Act, improve the existing policies, and address discriminatory appraisal bias.

1. Give Borrowers a No-Cost Second Appraisal When Warranted

FHFA should require both Fannie Mae and Freddie Mac to update their policies so that an applicant is not charged for a second appraisal in the circumstances where a second

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[22] *See* NFHA et al., *supra* note 12.
[23] Long Island Housing Services, *Fighting Home Appraisal Bias 201*, https://www.lifairhousing.org/wp-content/uploads/2026/09/Fighting-Home-Appraisal-Bias-201.pptx.
[24] ROAD Act § 704(b).
[25] *See* Fannie Mae, *Reconsideration of Value* (last updated Sept. 3, 2025), https://singlefamily.fanniemae.com/initiative-updates/reconsideration-value-rov; Fannie Mae, *Selling Guide* § B4-1.3-12, Appraisal Quality Matters, https://selling-guide.fanniemae.com/sel/b4-1.3-12/appraisal-quality-matters; Freddie Mac, *Single-Family Seller/Servicer Guide* § 5604.4, https://guide.freddiemac.com/app/guide/section/5604.4.
[26] FHFA Order Nos. 2026-OR-FMNA-5 [sic], 2026-OR-FHLMC-5, https://x.com/pulte/status/2101019882984816765?s=20.

appraisal is required or permitted (including potential discriminatory appraisal bias). This concept has been included in discriminatory appraisal bias settlements,[27] and in HUD's 2024 ROV policy, as discussed below. Section 704(a) of the ROAD Act is clear that it applies not just to ROV policies, but also to "subsequent appraisal[]" policies. Given that a borrower has no role in selecting the appraiser or appraisal management company but is required to pay for the appraisal, it is unfair for the borrower to bear the cost of a second appraisal when a first had clear problems, including potential discriminatory appraisal bias. The borrower cannot avoid this scenario when it does happen, especially if they have exercised their right to an ROV and it has not resolved the issue.

2. Improve Fannie Mae Policy Language About Minimum ROV Standards

Freddie Mac's policy requires an ROV to meet its standards and "any requirements required under applicable local, State or federal law." It goes on to state, "Freddie Mac's ROV requirements are minimum standards. If State law or regulation requires more than Freddie Mac's guidelines, the State law or regulation controls."[28] Fannie Mae's policy provides that "At a minimum, the ROV process must meet Fannie Mae requirements and adhere to all applicable local, state, and federal laws." The additional sentence from Freddie Mac's policy should be added to Fannie Mae's policy for alignment and clarity on the issue of higher standards. With respect to lenders, both policies are already clear that they are "minimum" standards and lenders may adopt additional policies to improve their borrowers' lending experiences and manage their legal and compliance risks—a feature they should retain.

3. Incorporate References to Fair Lending Legal Protections and Second Appraisal Information into the Required Disclosure

In addition to fully and clearly explaining the ROV process and providing all other relevant information, the required notice under the Fannie Mae and Freddie Mac policies should incorporate the following language:

> We may not discriminate against you for the good faith exercise of a reconsideration of value, which includes rights protected under the Consumer Credit Protection Act.

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[27] *Connolly v. Lanham*, No. 1:22-cv-2048-SAG (D. Md. Feb. 28, 2024) (settlement agreement between plaintiffs and loanDepot.com LLC), https://www.relmanlaw.com/assets/htmldocuments/Connolly%20loanDepot%20-%20Settlement%20Agreement%20-%20fully%20executed.pdf.

[28] Freddie Mac, *Single-Family Seller/Servicer Guide* § 5604.4, https://guide.freddiemac.com/app/guide/section/5604.4.

> Further, the Fair Housing Act prohibits you from being coerced, intimidated, threatened, or interfered with for exercising your right to a reconsideration of value because of potential discrimination. You may exercise any rights you have under the Equal Credit Opportunity Act, the Fair Housing Act, or other relevant laws regardless of the outcome of a reconsideration of value. We may order a second appraisal if the first appraisal does not meet certain requirements. In that case, you will not be charged for the second appraisal.

This would provide a clear explanation of the borrower's rights under other related laws. This language is more fully explained below in Sections II.E.1 and II.E.2 of this letter.

4. Incorporate Collateral Underwriter and Loan Collateral Advisor into ROV Policy

Collateral Underwriter (CU)[29] and Loan Collateral Advisor (LCA)[30] are powerful tools available to lenders and appraisal management companies (AMCs). Fannie Mae markets CU as being able to access data from over 70 million appraisals, identify alternate comparable sales, market data, MLS and public records data, and peer adjustment data.[31] Freddie Mac similarly markets LCA as being able to help lenders reduce risks related to faulty appraisals, and manage and remediate appraisal issues. Our understanding is that, informally, CU and LCA are likely used when questions arise concerning an appraisal in initial review, and in situations where an ROV is requested. However, neither Fannie Mae's nor Freddie Mac's ROV policy mentions CU and LCA use in the ROV or second appraisal process. For example, one can imagine a case where a borrower has correctly identified that an appraisal includes questionable results and believes it may be influenced by discriminatory appraisal bias, but may have trouble identifying appropriate additional market information, specific concerns, or additional comparable sales due to their inexperience with the housing market or distress experienced as a result of potential discriminatory appraisal bias. If CU or LCA showed significant problems with that appraisal, and those results were not used as part of the lender's evaluation of the ROV request or in the lender's consideration of whether to obtain a second appraisal, this would be unfair to the borrower who lacks that information and the ability to act on it. Fannie Mae and Freddie Mac should require use of CU and LCA in their ROV and second appraisal

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[29] Fannie Mae, *Collateral Underwriter*, https://singlefamily.fanniemae.com/applications-technology/collateral-underwriter.
[30] Freddie Mac, *Loan Collateral Advisor*, https://sf.freddiemac.com/tools-learning/technology-tools/our-solutions/loan-collateral-advisor.
[31] Fannie Mae, *Collateral Underwriter*, *supra* note 28.https://singlefamily.fanniemae.com/applications-technology/collateral-underwriter

policies, and they should establish appropriate rules for when information from these tools should be acted upon by a lender in cases of potential discriminatory appraisal bias.

B. U.S. Department of Housing and Urban Development (HUD)

HUD adopted a detailed policy regarding ROVs and second appraisals to address discriminatory appraisal bias in Mortgagee Letter 2024-07, which was incorporated into the May 2024 version of the FHA Single Family Housing Policy Handbook (2024 FHA ROV policy).[32] This policy was rescinded in 2025 by Mortgagee Letter 2025-08 citing lender cost concerns.[33] Notable elements of the 2024 FHA ROV policy that have now been eliminated include:

- A disclosure about the ROV process notifying the borrower of their rights;
- Required training for those engaging in appraisal review on fair housing;
- Required elements for a lender's ROV process; and
- A right to a no-cost second appraisal in cases where there are signs of potential discriminatory appraisal bias.

1. Restore the 2024 FHA ROV Policy

HUD should restore the FHA ROV and second appraisal policy that was adopted in Mortgagee Letter 2024-07, in order to comply with the ROAD Act and address the problem of inaccurate and discriminatory appraisals. HUD's current policy after Mortgagee Letter 2025-08 does not comply with the ROAD Act. The lack of a no-cost second appraisal in cases of potential discriminatory appraisal bias is particularly concerning because the policy provides for such a no-cost appraisal for: (1) failing to report readily observable safety issues; (2) reliance on outdated or dissimilar comparable sales; and (3) fraudulent statements or conclusions. Borrowers who have experienced potential discriminatory appraisal bias will have to shoulder the cost of a second appraisal when other similarly situated borrowers who have had a materially deficient appraisal do not. The ROAD Act requires a policy that addresses both ROVs and "a subsequent appraisal."[34] As discussed in the introduction of this letter, HUD is required to implement programs and activities, including ROV and subsequent appraisal policies to comply with the ROAD Act, in a manner that affirmatively furthers the purposes of the Fair Housing Act. Imposing charges on borrowers who may have experienced housing discrimination, but not on other similarly

[32] HUD, Handbook 4000.1, *FHA Single Family Housing Policy Handbook* (May 20, 2024), https://archives.hud.gov/offices/adm/hudclips/handbooks/hsgh/4000-1/HB-4000-1-2024-05-20.pdf.
[33] HUD, Mortgagee Letter 2025-08, https://www.hud.gov/sites/dfiles/OCHCO/documents/2025-08hsgml.pdf.
[34] ROAD Act § 704(a).

situated borrowers, does not fulfill this statutory requirement. As discussed above in Section II.A.1, it is also unfair to the borrower.

2. Update HUD ROV Policy to Incorporate Recommendations Related to FHFA Policies

HUD should also incorporate the FHFA recommendations above related to disclosures and minimum ROV standards.

C. U.S. Department of Veterans Affairs (VA)

VA has a longstanding and unique complement to ROV policy in its Tidewater initiative.[35] However, VA's ROV policy[36] is far less detailed than the current Fannie Mae and Freddie Mac policies and the former FHA policy, lacking key elements that ensure fair and consistent treatment of borrowers. Ensuring fair and accurate valuations for our nation's veterans is essential. Military service provides an essential pathway to homeownership and wealth building, and the veterans benefits associated with military service should have policies to ensure those benefits can be accessed by all veterans equally, regardless of race, national origin, or other protected characteristics.

1. Update VA ROV Policy to Incorporate Recommendations Related to FHFA and HUD Policies

VA should incorporate the elements of the Fannie Mae, Freddie Mac, and 2024 FHA ROV policies, including the recommendations related to no-cost second appraisals, disclosures, and minimum ROV standards discussed above for FHFA. These will create a more robust framework for VA ROVs similar to other loan programs and ensure veterans receive equivalent protections when accessing the benefit of a VA mortgage loan.

2. Update and Improve VA Circular 26-23-05

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[35] VA, *VA Fee Appraiser Training Series: Tidewater and Reconsideration of Value*, https://www.benefits.va.gov/HOMELOANS/training/appraiser/documents/va-fee-appraiser-training-course5-tidewater-and-rov.pdf; VA Pamphlet 26-7, ch. 10, topic 8 (Market Data Submitted During the Appraisal Process), https://www.knowva.ebenefits.va.gov/system/templates/selfservice/va_ssnew/help/customer/locale/en-US/portal/554400000001018/content/554400000314679/VA-Pamphlet-VAP26-7-Chapter-10-Appraisal-Process#108.

[36] VA Pamphlet 26-7, ch. 10, topic 22 (Reconsideration of Value), https://www.knowva.ebenefits.va.gov/system/templates/selfservice/va_ssnew/help/customer/locale/en-US/portal/554400000001018/content/554400000314679/VA-Pamphlet-VAP26-7-Chapter-10-Appraisal-Process#108.

VA Circular 26-23-05 provides important guardrails related to discriminatory appraisal bias that should be reaffirmed and strengthened.[37] In the circular, VA notes that as of December 19, 2022, it enhanced its oversight procedures to detect discriminatory appraisal bias. VA should confirm that it still maintains these enhanced procedures and provide additional detail to the public about the specific procedures it applies. The circular also reminds VA Fee Panel appraisers of the Uniform Residential Appraisal Report (URAR) certification related to discriminatory appraisal bias. This reference is out of date with the transition to the Uniform Appraisal Dataset 3.6 version of the URAR that includes updated certification language.[38] The circular should be updated to reference this. The circular also recommends that all VA Fee Panel appraisers and lender-approved staff appraisal reviewers (SARs) take training on appraisal bias, fair housing, and fair lending. This should be updated to require such training.

3. Incorporate Discriminatory Appraisal Bias Checks into the Tidewater Process

VA Pamphlet VAP26-7[39] and VA Circular 26-23-05 do not specify whether there are enhanced discriminatory appraisal bias oversight procedures when the Tidewater process is invoked. Given that when the process is invoked the property has been initially identified by the appraiser as having an estimated market value below the sales price, VA should incorporate such procedures to help ensure a fair and accurate initial appraisal before it is delivered.

D. U.S. Department of Agriculture (USDA)

Based on our review, it appears that USDA has a reconsideration of value policy for the direct loan program, but not for the guaranteed loan program.

1. Update USDA Direct Loan ROV Policy to Incorporate Recommendations Related to FHFA and HUD Policies

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[37] VA Loan Guaranty, Circular 26-23-05, *Oversight of Appraisal Reports to Promote Fair Housing for All Veterans* (Jan. 20, 2023), https://lgy.va.gov/lgyhub/announcements/224.
[38] Freddie Mac, *Uniform Appraisal Dataset (UAD) Sample Scenarios*, https://sf.freddiemac.com/docs/pdf/uad-sample-scenarios-combined.pdf.
[39] VA Pamphlet 26-7, *Lender's Handbook*, https://www.knowva.ebenefits.va.gov/system/templates/selfservice/va_ssnew/help/customer/locale/en-US/portal/554400000001018/topic/554400000027323/VAP26-07-Lenders-Handbook.

The direct loan program does include an ROV policy as part of Handbook 3550.[40] However, this policy is less detailed than comparable policies and USDA should incorporate the elements of the Fannie Mae, Freddie Mac, and 2024 FHA ROV policies discussed above, including the recommendations related to no-cost second appraisals for FHFA and HUD, and the disclosures and minimum ROV standards recommendations for FHFA.

2. Update Handbook 3550 Letter 17 with Enhanced Language

Handbook 3550 Letter 17 provides a solid foundation for explaining an adverse loan decision related to an appraisal to a consumer.[41] It incorporates language related to both the Fair Housing Act and the Equal Credit Opportunity Act. It also explains the consumer's option to request an ROV. However, the letter could be improved by including the following concepts:

- Updating the letter with additions to the ROV and subsequent appraisal policy as described above;
- Noting that ECOA and the Fair Housing Act specifically include protections related to appraisal discrimination, and that these can be exercised regardless of the outcome of an ROV; and
- Noting that the consumer is protected from retaliation for choosing to exercise an ROV as discussed below in Sections II.E.1 and II.E.2.

We recommend adapting the same or similar language from Section II.A.3 and Section II.E.2.

3. Create an ROV Policy for the USDA Guaranteed Loan Program That Incorporates Recommendations Related to FHFA and HUD Policies

Unlike the direct loan program governed by Handbook 3550, the guaranteed loan program governed by Handbook 3555[42] does not appear to have an ROV policy. USDA should create one consistent with the Fannie Mae and Freddie Mac policies including recommended updates for FHFA, and 2024 FHA policy including recommended updates, including the

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[40] USDA Rural Housing Service, HB-1-3550, *Direct Single Family Housing Loans and Grants Field Office Handbook* § 5.17 & attach. 5A, https://www.usda.gov/sites/default/files/guidance-documents/HB-1-3550%20Direct%20Single%20Family%20Housing%20Loans%20and%20Grants%20Field%20Office%20Handbook.pdf.

[41] *Id.* at Letter 17.

[42] USDA Rural Housing Service, HB-1-3555, *SFH Guaranteed Loan Program Technical Handbook*, https://www.usda.gov/guidance-documents/rhs-handbook/rhs/hb-1-3555-sfh-guaranteed-loan-program-technical-handbook.

recommendations related to no-cost second appraisals for FHFA and HUD, and the disclosures and minimum ROV standards recommendations for FHFA.

4. Create a ROV Adverse Decision Letter for Handbook 3555

There does not appear to be an equivalent to Handbook 3550 Letter 17 for the guaranteed loan program governed by Handbook 3555. One should be developed and included consistent with the updates discussed above.

5. Update Form RD 1922-15 Administrative Appraisal Review

Handbook 3555 notes that review of the appraisal report is governed by this form.[43] The form should include instructions and review criteria to look for overt signs of discriminatory appraisal bias, and to review and assess any other claims of discriminatory appraisal bias by reviewing concerns related to comparable property selection, adjustments, or other factors. The form should include a specific statement or certification from the reviewer confirming review with respect to discriminatory appraisal bias.

E. Consumer Financial Protection Bureau (CFPB)

The CFPB oversees two regulatory components that should be updated in order to harmonize with the now statutorily recognized right to an ROV contained in the ROAD Act: (1) a prohibition on discrimination for good faith exercise of consumer financial rights; and (2) an appraisal disclosure given at mortgage loan application.

1. Reaffirm Good Faith Exercise of an ROV is Protected Under ECOA

The CFPB should issue guidance making clear to creditors, AMCs, and appraisers that a mortgage loan applicant cannot be discriminated against because they have in good faith exercised their right to an ROV. A consumer's right to engage in certain key elements of an ROV was already protected under the Truth in Lending Act (TILA),[44] even prior to the ROAD Act. Regulation Z already makes clear that a consumer can ask for an appraiser to consider additional information about a property and consider additional comparable properties, take other actions associated with an ROV, and that any actions permitted or required by

[43] We were unable to locate the form itself from a USDA public source. The form reviewed (available at https://cdn.cocodoc.com/cocodoc-form-pdf/pdf/499368058--usda-form-rd-1922-15-.pdf) may or may not be the most up-to-date version of this form. The form and its instructions should be publicly maintained to be easy to access.

[44] 15 U.S.C. § 1639e(c)(1)–(3).

law (which would include the Fair Housing Act, the ROAD Act, and relevant state law) do not violate appraiser independence and are therefore protected by TILA.[45] The good faith exercise of any rights under TILA is automatically protected by the Equal Credit Opportunity Act (ECOA) and Regulation B.[46] CFPB's guidance should specify some of the types of actions that would violate this prohibition, such as:

- imposing unduly difficult or burdensome requirements on the applicant to pursue an ROV;
- denying or effectively denying a loan application because an applicant requested an ROV;
- subjecting an applicant to additional scrutiny or more difficult loan processing because they requested an ROV; and
- not providing loan terms consistent with those of other similarly situated applicants because they requested an ROV.

2. Incorporate References to Fair Lending Legal Protections and Second Appraisal Information into the ECOA Appraisal Disclosure

Second, the CFPB should update the model appraisal disclosure required at mortgage loan application[47] to specify a consumer's right to an ROV and rights to not be discriminated against for exercising that right under ECOA and the Fair Housing Act. Sample Form C-9 in Appendix C to Regulation B[48] should be revised as follows:

> We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close.
>
> If you have concerns about the appraisal, including concerns about potential discrimination, you have the right to request a reconsideration of value. Information about the reconsideration of value process will be provided to you when you receive a copy of any appraisal. We may not discriminate against you for the good faith exercise of a reconsideration of value, which includes rights protected under the Consumer Credit Protection Act. Further, the Fair Housing Act prohibits you from being coerced, intimidated, threatened, or interfered with for exercising your right to a reconsideration of value because of potential discrimination. You may exercise

[45] 12 C.F.R. § 1026.42(c)(3).
[46] 15 U.S.C. § 1691(a)(3); 12 C.F.R. § 1002.2(z).
[47] 12 C.F.R. § 1002.14.
[48] 12 C.F.R. pt. 1002, app. C, Form C-9.

any rights you have under the Equal Credit Opportunity Act, the Fair Housing Act, or other relevant laws regardless of the outcome of a reconsideration of value.

You can pay for an additional appraisal for your own use at your own cost. We may also order a second appraisal if the first appraisal does not meet certain requirements. In that case, you will not be charged for the second appraisal.

These revisions would provide several benefits to consumers, including:

- incorporating the ROAD Act right to an ROV into the first disclosure a consumer receives about an appraisal in the mortgage application process;
- informing consumers that the good faith exercise of the right to an ROV is protected by ECOA as discussed above;
- incorporating information about protections from retaliation under the Fair Housing Act when a consumer raises an issue of potential discrimination under an ROV;[49]
- informing consumers that they still have their full rights under ECOA, the Fair Housing Act, and other laws regardless of the outcome of an ROV; and
- informing the consumer that under certain circumstances a second appraisal may be ordered and that they would not be responsible for the cost.

III. Public Appraisal Data

The agencies should quickly release appropriately privacy-protected appraisal data to the public and share more detailed data with appropriate regulatory agencies for oversight purposes. This is an essential reform to address discriminatory appraisal bias, provide a more fair and transparent valuation market, and address emerging risks to real estate market transparency like private listings. The groundwork for this reform has already been laid.

FHFA has already built much of the infrastructure needed to share appraisal data with the public and with other regulators. Since October 2022, FHFA has published Uniform Appraisal Dataset (UAD) Aggregate Statistics, initially drawn from more than 47 million Fannie Mae and Freddie Mac appraisal records, which report appraised values and the share of appraisals falling below the contract price at the national, state, metropolitan area, county, and census tract levels, including by the racial and ethnic composition of the census tract, while suppressing small cells to protect privacy.[50] In October 2023, FHFA

[49] *See* 42 U.S.C. § 3617; 24 C.F.R. § 100.400.

[50] FHFA, *Uniform Appraisal Dataset (UAD) Aggregate Statistics*, https://www.fhfa.gov/data/uad; FHFA, *UAD Aggregate Statistics Data File Overview* (Oct. 28, 2024), https://www.fhfa.gov/document/d/uad-as/uad-aggregate-statistics-data-file-overview.pdf; FHFA, *UAD Aggregate Statistics Data File Version History and*

released the UAD Appraisal-Level Public Use File, a nationally representative five percent sample of Enterprise appraisals, and in October 2024, FHFA and HUD expanded both products to include FHA appraisals.[51] However, FHFA has not published updated data in either product since early 2025, and the February 2025 version of the public use file removed the borrower race and ethnicity indicator from the Enterprise data.[52]

FHFA has also put in place the legal framework to share more detailed appraisal data with other regulators. FHFA's Fair Lending Oversight Data System of Records, which covers appraisers who provide appraisals to Fannie Mae and Freddie Mac, includes routine uses that permit disclosure to federal agencies for fair lending and fair housing research, investigation, supervision, and enforcement purposes, and referral to federal and state agencies of records indicating a potential violation of law.[53] In December 2023, FHFA ordered Fannie Mae and Freddie Mac to provide FHFA, on a quarterly basis, the appraisal and valuation data in their possession, including the UAD, together with borrower race, ethnicity, sex, and age data matched to appraisal records.[54] FHFA's Office of Inspector General (OIG) has reported that FHFA provided approximately 25.6 million active appraisal records to HUD, made those records available to the Department of Justice, and shared appraisal information with the CFPB, and that FHFA has required the Enterprises to submit complaints about appraisers to state appraiser licensing authorities.[55]

Suppression Rates (v3.3), https://www.fhfa.gov/document/d/uad-as/uad-aggregate-statistics-data-file-version-history-and-suppression-rates-v3_3.pdf; *see also* Liles, *supra* note 12.

[51] News Release, FHFA, *FHFA Publishes New Uniform Appraisal Dataset Appraisal-Level Public Use File* (Oct. 16, 2023), https://www.fhfa.gov/news/news-release/fhfa-publishes-new-uniform-appraisal-dataset-appraisal-level-public-use-file; Press Release, HUD, No. 24-283, *HUD and FHFA Expand Scope of Public Appraisal Data in Effort to Ensure Fairer Home Appraisals* (Oct. 28, 2024), https://archives.hud.gov/news/2024/pr24-283.cfm.

[52] FHFA, *UAD Appraisal-Level Public Use File Version History* (v2.1), https://fhfa.gov/document/uad-puf-2.1-version-history.pdf; FHFA, *UAD Aggregate Statistics Data File Version History and Suppression Rates*, *supra* note 49.

[53] FHFA. System of Records Notice 27 - Fair Lending Oversight Data System, 87 Fed. Reg. 30,947 (May 20, 2022), https://www.federalregister.gov/documents/2022/05/20/2022-10798/privacy-act-of-1974-system-of-records.

[54] FHFA Order No. 2023-OR-FNMA-2, *Order on Appraisal Data Reporting* (Dec. 13, 2023), https://www.fhfa.gov/sites/default/files/2024-01/Order-Enterprise-Appraisal-Data-Reporting-12-13-2023-FNMA.pdf; FHFA Order No. 2023-OR-FHLMC-2, *Order on Appraisal Data Reporting* (Dec. 13, 2023), https://fhfa.gov/sites/default/files/2024-01/Order-Enterprise-Appraisal-Data-Reporting-12-13-2023-FRE.pdf.

[55] FHFA Off. of Inspector Gen., EVL-2023-001, *FHFA Could Further Combat Appraisal Bias by Ensuring That Complaints Are Filed with State Authorities and Ensuring the Enterprises Use Appraisals That Comply with Federal Law* 2 (Dec. 20, 2022), https://www.fhfaoig.gov/sites/default/files/EVL-2023-001.pdf; FHFA Off. of Inspector Gen., EVL-2025-001, *Freddie Mac Did Not Follow State Instructions When Filing Complaints Against Residential Real Estate Appraisers* 8 n.2, 9 (Dec. 9, 2024), https://fhfaoig.gov/sites/default/files/EVL-2025-001_redacted.pdf.

FHFA should immediately resume regular updates to the UAD Aggregate Statistics and the public use file and restore the race and ethnicity indicator public use file. The other agencies should use these existing products to release their own appraisal data while developing a more permanent, government-wide solution informed by the GAO study required by the ROAD Act.

Please reach out to James Wylie (jwylie@nationalfairhousing.org) with any questions regarding this letter.

Sincerely,

NATIONAL ORGANIZATIONS
National Fair Housing Alliance
Center for Responsible Lending
Consumer Federation of America
Integrated Community Solutions, Inc.
Legal Defense Fund
National Action Network
National Association of Social Workers
National Coalition for the Homeless
National Urban League
UnidosUS

STATE/LOCAL ORGANIZATIONS

Alabama
Center for Fair Housing

Arizona
Southwest Fair Housing Council

California
Fair Housing Council of Orange County

Connecticut
Connecticut Fair Housing Center

DC/Maryland/Northern Virginia
Equal Rights Center

Florida
Fair Housing Center of the Greater Palm Beaches
Housing Opportunities Project for Excellence, Inc.

Georgia
Metro Fair Housing Services, Inc.

Idaho
Intermountain Fair Housing Council, Inc.

Illinois
South Suburban Housing Center

Indiana
Fair Housing Center of Central Indiana

Michigan
Fair Housing Center of West Michigan
Fair Housing Center of Southwest Michigan

Minnesota
Metropolitan Interfaith Council on Affordable Housing

New York
CNY Fair Housing
Housing Opportunities Made Equal, Inc. Bflo.
Long Island Housing Services, Inc.
Westchester Residential Opportunities

Ohio
Fair Housing Resource Center
Housing Opportunities Made Equal of Greater Cincinnati
Miami Valley Fair Housing Center, Inc.
The Fair Housing Center

Oregon
Fair Housing Council of Oregon

Pennsylvania
Fair Housing Rights Center in Southeastern PA

Virginia
Hampton Roads Community Action Program
HOME of Virginia

Washington
Northwest Fair Housing Alliance

Wisconsin

Metropolitan Milwaukee Fair Housing Council