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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the National Housing Act to authorize State-licensed appraisers to conduct appraisals in connection with mortgages insured by the FHA and to ensure compliance with the existing appraiser education and competency requirements, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. DONALDS introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the National Housing Act to authorize State-licensed appraisers to conduct appraisals in connection with mortgages insured by the FHA and to ensure compliance with the existing appraiser education and competency requirements, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Appraisal Industry Im-
5 provement Act”.

1 **SEC. 2. APPRAISAL STANDARDS.**

2 (a) CERTIFICATION OR LICENSING.—

3 (1) IN GENERAL.—Section 202(g)(5) of the Na-
4 tional Housing Act (12 U.S.C. 1708(g)(5)) is
5 amended—

6 (A) by moving the paragraph two ems to
7 the left; and

8 (B) by striking subparagraphs (A) and (B)
9 and inserting the following:

10 “(A) be certified or licensed by the State in
11 which the property to be appraised is located, except
12 that a Federal employee who has as their primary
13 duty conducting appraisal-related activities and who
14 chooses to become a State-licensed or certified real
15 estate appraiser need only to be licensed or certified
16 in 1 State or territory to perform appraisals on
17 mortgages insured by the Federal Housing Adminis-
18 tration in all States and territories;

19 “(B) meet the requirements under the com-
20 petency rule set forth in the Uniform Standards of
21 Professional Appraisal Practice before accepting an
22 assignment; and

23 “(C) have demonstrated verifiable education in
24 the appraisal requirements established by the Fed-
25 eral Housing Administration under this subsection,
26 which shall include the completion of a course or

1 seminar that educates appraisers on those appraisal
2 requirements, which shall be provided by—

3 “(i) the Federal Housing Administration;

4 or

5 “(ii) a third party, so long as the course is
6 approved by the Secretary or a State appraiser
7 certifying or licensing agency.”.

8 (2) APPLICATION.—Subparagraph (C) of sec-
9 tion 202(g)(5) of the National Housing Act (12
10 U.S.C. 1708(g)(5)), as added by subparagraph (A),
11 shall not apply with respect to any certified ap-
12 praiser approved by the Federal Housing Adminis-
13 tration to conduct appraisals on property securing a
14 mortgage to be insured by the Federal Housing Ad-
15 ministration on or before the effective date under
16 paragraph (3)(C).

17 (b) COMPLIANCE WITH VERIFIABLE EDUCATION
18 AND COMPETENCY REQUIREMENTS.—On and after the ef-
19 fective date under paragraph (3)(C), no appraiser may
20 conduct an appraisal on a property securing a mortgage
21 to be insured by the Federal Housing Administration un-
22 less—

23 (1) the appraiser is in compliance with the re-
24 quirements under subparagraphs (A) and (B) of sec-

1 tion 202(g)(5) of such Act (12 U.S.C. 1708(g)(5)),
2 as amended by paragraph (1); and

3 (2) if the appraiser was not approved by the
4 Federal Housing Administration to conduct apprais-
5 als on mortgages insured by the Federal Housing
6 Administration before the date on which the mort-
7 gagee letter or guidance take effect under paragraph
8 (3)(C), the appraiser is in compliance with subpara-
9 graph (C) of such section 202(g)(5).

10 (c) IMPLEMENTATION.—Not later than the 240 days
11 after the date of enactment of this Act, the Secretary of
12 Housing and Urban Development shall issue a mortgagee
13 letter or guidance that shall—

14 (1) implement the amendments made by para-
15 graph (1);

16 (2) clearly set forth all of the specific require-
17 ments under section 202(g)(5) of the National
18 Housing Act (12 U.S.C. 1708(g)(5)), as amended by
19 paragraph (1), for approval to conduct appraisals on
20 property secured by a mortgage to be insured by the
21 Federal Housing Administration, which shall in-
22 clude—

23 (A) providing that, before the effective
24 date of the mortgagee letter or guidance, com-
25 pliance with the requirements under subpara-

1 graphs (A), (B), and (C) of such section
2 202(g)(5), as amended by paragraph (1), shall
3 be considered to fulfill the requirements under
4 such subparagraphs; and

5 (B) providing a method for appraisers to
6 demonstrate such prior compliance; and

7 (3) take effect not later than the date that is
8 180 days after the date on which the Secretary
9 issues the mortgagee letter or guidance.

10 **SEC. 3. ANNUAL REGISTRY FEES FOR APPRAISAL MANAGE-**
11 **MENT COMPANIES.**

12 Section 1109(a) of the Financial Institutions Reform,
13 Recovery, and Enforcement Act of 1989 (12 U.S.C.
14 3338(a)) is amended, in the matter following clause (ii)
15 of paragraph (4)(B), by adding at the end the following:
16 “Subject to the approval of the Council, the Appraisal
17 Subcommittee may adjust fees established under clause (i)
18 or (ii) to carry out its functions under this Act.”.

19 **SEC. 4. STATE CREDENTIALLED TRAINEES.**

20 (a) MAINTENANCE ON NATIONAL REGISTRY.—Sec-
21 tion 1103(a) of the Financial Institutions Reform, Recov-
22 ery, and Enforcement Act of 1989 (12 U.S.C. 3332(a))
23 is amended—

24 (1) in paragraph (3)—

1 (A) by inserting “and State credentialed
2 trainee appraisers” after “licensed appraisers”;
3 and

4 (B) by striking “and” at the end;

5 (2) by striking paragraph (4);

6 (3) by redesignating paragraphs (5) and (6) as
7 paragraphs (4) and (5), respectively; and

8 (4) in paragraph (4), as so redesignated—

9 (A) by striking “year. The report shall also
10 detail” and inserting “year, details”;

11 (B) by striking “provide” and inserting
12 “provides”; and

13 (C) by striking the period at the end and
14 inserting “; and”.

15 (b) ANNUAL REGISTRY FEES.—

16 (1) IN GENERAL.—Section 1109 of the Finan-
17 cial Institutions Reform, Recovery, and Enforcement
18 Act of 1989 (12 U.S.C. 3338) is amended—

19 (A) in the section heading, by striking “**OR**
20 **LICENSED**” and inserting “, **LICENSED, AND**
21 **CREDENTIALLED TRAINEE**”; and

22 (B) in subsection (a)—

23 (i) in paragraph (1), by inserting “,
24 and in the case of a State with a super-
25 visory or trainee program, a roster listing

1 individuals who have received a State
2 trainee credential” after “this title”; and

3 (ii) by striking paragraph (2) and in-
4 serting the following:

5 “(2) transmit reports on the issuance and re-
6 newal of licenses, certifications, credentials, sanc-
7 tions, and disciplinary actions, including license, cre-
8 dential, and certification revocations, on a timely
9 basis to the national registry of the Appraisal Sub-
10 committee;”.

11 (2) RULE OF CONSTRUCTION.—Nothing in the
12 amendments made by subparagraph (A) shall re-
13 quire a State to establish or operate a program for
14 State credentialed trainee appraisers, as defined in
15 paragraph (12) of section 1121 of the Financial In-
16 stitutions Reform, Recovery, and Enforcement Act
17 of 1989, as added by subsection (d) of this section.

18 (c) TRANSACTIONS REQUIRING THE SERVICES OF A
19 STATE CERTIFIED APPRAISER.—Section 1113 of the Fi-
20 nancial Institutions Reform, Recovery, and Enforcement
21 Act of 1989 (12 U.S.C. 3342) is amended—

22 (1) by striking “In determining” and inserting

23 “(a) IN GENERAL.—In determining”; and

24 (2) by adding at the end the following:

1 “(b) USE OF STATE CREDENTIALLED TRAINEE AP-
2 PRAISERS.—In performing an appraisal under this sec-
3 tion, a State certified appraiser may use the assistance
4 of a State credentialed trainee appraiser or an unlicensed
5 trainee appraiser, except that a State certified appraiser
6 assisted by a trainee shall be liable for final work.”.

7 (d) DEFINITION.—Section 1121 of the Financial In-
8 stitutions Reform, Recovery, and Enforcement Act of
9 1989 (12 U.S.C. 3350) is amended by adding at the end
10 the following:

11 “(12) STATE CREDENTIALLED TRAINEE AP-
12 PRAISER.—The term ‘State credentialed trainee ap-
13 praiser’ means an individual who—

14 “(A) meets the minimum criteria estab-
15 lished by the Appraiser Qualification Board for
16 a trainee appraiser credential; and

17 “(B) is credentialed by a State appraiser
18 certifying and licensing agency.”.

19 **SEC. 5. GRANTS FOR WORKFORCE AND TRAINING.**

20 Section 1109(b) of the Financial Institutions Reform,
21 Recovery, and Enforcement Act of 1989 (12 U.S.C.
22 3338(b)) is amended—

23 (1) in paragraph (5)(B), by striking “and” at
24 the end;

1 (2) in paragraph (6), by striking the period at
2 the end and inserting “; and”; and

3 (3) by adding at the end the following:

4 “(7) to make grants to State appraiser certi-
5 fying and licensing agencies, nonprofit organizations,
6 and institutions of higher education to support the
7 carrying out of education and training activities or
8 other activities related to addressing appraiser in-
9 dustry workforce needs, including recruiting and re-
10 taining workforce talent, such as through scholar-
11 ship assistance and career pipeline development.”.

12 **SEC. 6. APPRAISAL SUBCOMMITTEE.**

13 Section 1011 of the Federal Financial Institutions
14 Examination Council Act of 1978 (12 U.S.C. 3310) is
15 amended, in the first sentence, by inserting “the Depart-
16 ment of Veterans Affairs, the Rural Housing Service of
17 the Department of Agriculture, the Department of Hous-
18 ing and Urban Development,” after “Financial Protec-
19 tion,”.