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The Honorable Maxine Waters
Chairwoman
House Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
House Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Waters and Ranking Member McHenry,

On behalf of the Credit Union National Association (CUNA), I am writing about the hearing entitled, “Devalued, Denied, and Disrespected: How Home Appraisal Bias and Discrimination Are Hurting Homeowners and Communities of Color.” CUNA represents America’s credit unions and their 130 million members.

Credit unions are disturbed by the increase in reports of racial discrimination by appraisers reported by the Department of Housing and Urban Development (HUD).¹ Diverse and often underserved communities face several barriers when it comes to access to financial services, and credit unions have a long history of serving underserved and diverse communities. There is a large and persistent homeownership gap in the U.S. Recent data finds that only 45% of Black families own homes (this remains little changed since 1970), 50% of Hispanic or Latino families own homes compared to 75% of white families who own homes.²

The systemic undervaluation of homes owned by people of color exacerbates the homeownership gap, the racial wealth gap, and, ultimately, harms the long-term financial security of our entire nation. It further discredits the reliability and value of home appraisals generally. Credit unions rely on appraisers for accurate and unbiased opinions on the market value of homes serving as collateral for mortgage loans. When racial prejudice is injected into that process, it prevents credit unions from meeting their mission to serve their members and introduces risk into the housing finance system.

CUNA applauds President Biden’s creation of the Interagency Task Force on Property Appraisal and Valuation Equity (PAVE) to address this issue. Addressing bias in appraisals and valuations is complex, and will likely involve efforts on multiple fronts, including improving the number and diversity of appraisers, training and certification requirements, establishing equity in selecting comparable valuations, increased use of technology and automation when appropriate, and increased accountability for appraisers. Unfortunately, credit unions have reported that when bias in an appraisal has been identified and reported to appropriate state authorities, often nothing comes of the report.

With appraisers in short-supply and closings delayed, appraisers are in constant demand. The need to increase the size and diversity of the pool of individuals entering this critical vocation is paramount. Conducting appraisals in rural areas is challenging, especially for credit unions who are often the only lenders serving these areas. While these challenges can be year-round, winter is particularly difficult. The appraisal industry is aging and 85 percent

¹ Remarks of Senior Advisor to the Secretary of HUD Alanna McCargo, *Virtual Home Appraisal Bias Event* (delivered June 15, 2021) available at <https://www.consumerfinance.gov/about-us/events/archive-past-events/virtual-home-appraisal-bias-event/>.

² [Source](#): U.S. Census via FRED, CUNA Analysis.

white.³ Increasing the number and diversity of qualified, working appraisers will improve equity for homebuyers across the country, not only in the quality and accuracy of appraisals but in the speed of the appraisal and closing as well.

Further, CUNA hopes the committee will consider the increased use of technology and data to conduct valuations, which would greatly benefit consumers and reduce reliance on subjective judgments by individuals. In particular, the secondary market's dedication to an antiquated model of in-person appraisals will likely help perpetuate the appraisal industry's inefficient and disadvantageous approach to the detriment of people of color, people in rural areas and low- and moderate-income consumers. Focusing on permitting greater use of bias-free artificial intelligence, virtual video communications, and other technologies could make appraisals less costly, timelier, and more equitable for all.

CUNA looks forward to the publication of the PAVE Task Force's report and recommendations on how to address bias in appraisals. On behalf of America's credit unions and their 130 million members, thank you for your consideration of our views and for holding this important hearing.

Sincerely,



Jim Nussle
President & CEO

³ Safia Samee Ali, Black Appraisers Call Out Industry's Racial Bias and Need for Systemic Change, NBC News (June 7, 2021) available at <https://www.nbcnews.com/news/us-news/black-appraisers-call-out-industry-s-racial-bias-need-systemic-n1269452>.