

118TH CONGRESS
2D SESSION

S. 3902

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 SENATE OF THE UNITED STATES

MARCH 11, 2024

Mr. TESTER (for himself and Mr. CRAMER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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”.

6 **SEC. 2. APPRAISER STANDARDS.**

7 (a) CERTIFICATION OR LICENSING.—

1 (1) IN GENERAL.—Section 202(g)(5) of the Na-
2 tional Housing Act (12 U.S.C. 1708(g)(5)) is
3 amended by striking subparagraphs (A) and (B) and
4 inserting the following:

5 “(A) be certified or licensed by the State in
6 which the property to be appraised is located, except
7 that a Federal employee who chooses to become
8 State-licensed or certified real estate appraisers need
9 to only be licensed or certified in 1 State or territory
10 to perform real estate appraisal duties as a Federal
11 employee in all States and territories;

12 “(B) meet the competency requirements de-
13 scribed in the Uniform Standards of Professional
14 Appraisal Practice before accepting an assignment;
15 and

16 “(C) have demonstrated verifiable education in
17 the appraisal requirements established by the Fed-
18 eral Housing Administration under this subsection,
19 which shall include the completion of a course or
20 seminar that educates appraisers on those appraisal
21 requirements, which shall be—

22 “(i) provided by the Federal Housing Ad-
23 ministration or a private or public organization
24 with special competence in and knowledge of
25 appraisal education through contracts, grants,

1 or other assistance provided by the Secretary;
2 or

3 “(ii) approved by the Course Approval Pro-
4 gram of the Appraiser Qualification Board of
5 the Appraisal Foundation or a State appraiser
6 certifying and licensing agency.”.

7 (2) APPLICATION.—Subparagraph (C) of sec-
8 tion 202(g)(5) of the National Housing Act (12
9 U.S.C. 1708(g)(5)), as added by paragraph (1),
10 shall not apply with respect to any appraiser ap-
11 proved by the Federal Housing Administration to
12 conduct appraisals on mortgages insured under title
13 II of the National Housing Act (12 U.S.C. 1707 et
14 seq.) on or before the date on which the mortgagee
15 letter or other guidance or regulations take effect
16 under subsection (c)(3).

17 (b) COMPLIANCE WITH VERIFIABLE EDUCATION
18 AND COMPETENCY REQUIREMENTS.—Effective beginning
19 on the date on which the mortgagee letter or other notice
20 or regulations take effect under subsection (c)(3), no ap-
21 praiser may conduct an appraisal for any mortgage in-
22 sured under title II of the National Housing Act (12
23 U.S.C. 1707 et seq.) unless—

24 (1) the appraiser is in compliance with the re-
25 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 subsection (a); and

3 (2) if the appraiser was not approved by the
4 Federal Housing Administration to conduct appraisals
5 on mortgages insured under title II of the Na-
6 tional Housing Act (12 U.S.C. 1707 et seq.) before
7 the date on which the mortgagee letter or other no-
8 tices or regulations take effect under subsection
9 (c)(3), the appraiser is in compliance with subpara-
10 graph (C) of such section 202(g)(5).

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

15 (1) implement the amendments made by sub-
16 section (a);

17 (2) clearly set forth all of the specific require-
18 ments under section 202(g)(5) of the National
19 Housing Act (12 U.S.C. 1708(g)(5)), as amended by
20 subsection (a), for approval to conduct appraisals
21 under title II of such Act (12 U.S.C. 1707 et seq.),
22 which shall include—

23 (A) providing that, before the effective
24 date of the mortgagee letter or other guidance
25 or regulations, a demonstration of competency

1 and completion of training that meet the re-
2 quirements under subparagraphs (A), (B), and
3 (C) of such section 202(g)(5), as amended by
4 subsection (a), shall be considered to fulfill the
5 requirements under such subparagraphs; and

6 (B) providing a method for appraisers to
7 demonstrate such prior competency and comple-
8 tion; and

9 (3) take effect not later than the date that is
10 180 days after the date on which the Secretary
11 issues the mortgagee letter or other notice or regula-
12 tions.

13 **SEC. 3. ANNUAL REGISTRY FEES FOR APPRAISAL MANAGE-**
14 **MENT COMPANIES.**

15 Section 1109(a) of the Financial Institutions Reform,
16 Recovery, and Enforcement Act of 1989 (12 U.S.C.
17 3338(a)) is amended, in the matter following clause (ii)
18 of paragraph (4)(B), by adding at the end the following:
19 “If the Appraisal Subcommittee determines that the fees
20 established under clause (i) or (ii) result in adverse con-
21 sequences or are otherwise not appropriately tailored to
22 meet the functions of the Appraisal Subcommittee under
23 this Act, the Appraisal Subcommittee may establish a new
24 formula to decrease the amount of the fees.”.

1 **SEC. 4. STATE CREDENTIALLED TRAINEE APPRAISERS.**

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

6 (1) in paragraph (3)—

7 (A) by inserting “and State credentialed
8 trainee appraisers” after “licensed appraisers”;
9 and

10 (B) by striking “and” at the end;

11 (2) by striking paragraph (4);

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

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

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

17 (B) by striking “provide” and inserting
18 “provides”; and

19 (C) by striking the period at the end and
20 inserting “; and”.

21 (b) ANNUAL REGISTRY FEES.—

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

1 (A) in the section heading, by striking “**OR**
2 **LICENSED**” and inserting “, **LICENSED, AND**
3 **CREDENTIALLED TRAINEE**”; and

4 (B) in subsection (a)—

5 (i) in paragraph (1), by inserting “,
6 and in the case of a State with a super-
7 visory or trainee program, a roster listing
8 individuals who have received a State
9 trainee credential” after “this title”;

10 (ii) by striking paragraph (2) and in-
11 sserting the following:

12 “(2) transmit reports on the issuance and re-
13 newal of licenses, certifications, credentials, sanc-
14 tions, and disciplinary actions on a timely basis to
15 the national registry of the Appraisal Sub-
16 committee;” and

17 (iii) in paragraph (4)(A)—

18 (I) by inserting “including State
19 credentialed trainee appraisers,” after
20 “transactions;” and

21 (II) by inserting “and from State
22 credentialed trainee appraisers, an an-
23 nual registry fee of not more than
24 \$20,” after “\$40.”

1 (2) RULE OF CONSTRUCTION.—Nothing in the
2 amendments made by paragraph (1) shall require a
3 State to establish or operate a program for State
4 credentialed trainee appraisers, as defined in para-
5 graph (12) of section 1121 of the Financial Institu-
6 tions Reform, Recovery, and Enforcement Act of
7 1989, as added by subsection (d) of this section.

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

12 (1) by striking “In determining” and inserting
13 “(a) IN GENERAL.—In determining”; and

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

15 “(b) USE OF STATE CREDENTIALLED TRAINEE AP-
16 PRAISERS.—In performing an appraisal under this sec-
17 tion, a State certified appraiser may use the assistance
18 of a State credentialed trainee appraiser or an unlicensed
19 trainee appraiser.”.

20 (d) DEFINITION.—Section 1121 of the Financial In-
21 stitutions Reform, Recovery, and Enforcement Act of
22 1989 (12 U.S.C. 3350) is amended by adding at the end
23 the following:

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

4 “(A) meets the minimum criteria estab-
5 lished by the Appraiser Qualification Board for
6 a trainee appraiser credential; and

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

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

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

13 (1) in paragraph (5), by striking “and” at the
14 end;

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

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

18 “(7) to make grants to State appraiser certi-
19 fying and licensing agencies to support the carrying
20 out of education and training activities or other ac-
21 tivities deemed appropriate by the Appraisal Sub-
22 committee for purposes of addressing appraiser in-
23 dustry workforce needs.”.

1 **SEC. 6. APPRAISAL SUBCOMMITTEE.**

2 Section 1011 of the Federal Financial Institutions
3 Examination Council Act of 1978 (12 U.S.C. 3310) is
4 amended, in the first sentence, by inserting “the Depart-
5 ment of Veterans Affairs, the Rural Housing Service of
6 the Department of Agriculture, the Department of Hous-
7 ing and Urban Development,” after “Financial Protec-
8 tion,”.

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