

Government Relations Report – 3rd Quarter

The Appraisal Institute's Government Relations Committee has set an ambitious agenda for 2025, centered on **seven key advocacy priorities**:

1. **Defending the Profession**
 2. **Protecting Integrity**
 3. **Streamlining Licensing**
 4. **Promoting AMC Fee Transparency**
 5. **Limiting Liability**
 6. **Lowering Unnecessary Barriers to Entry**
 7. **Promoting AI professionals**
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Defending the Profession & Regulatory Pushback

Appraisers Deliver Key Messages to Congress

- **Support for the Portal for Appraisal Licensing (PAL) Act:** Appraisers urged Congress to support the bipartisan PAL Act, which would streamline multistate licensing through a national cloud-based platform—reducing regulatory burden and promoting uniformity across jurisdictions.
- **Call for AMC Fee Transparency:** Participants pressed lawmakers to require the CFPB to separate Appraisal Management Company (AMC) fees from appraiser fees on mortgage disclosures, improving consumer clarity and ensuring fair compensation for appraisers.
- **Concerns Over Appraisal Waivers and PDCs:** Appraisers raised alarms about the growing use of appraisal waivers and unregulated Property Data Collectors (PDCs), calling on Congress to direct FHFA to reassess these policies to safeguard data quality, consumer privacy, and financial system stability.

Appraisers Deliver Key Messages to Congress

Nearly 150 appraisers and valuation professionals gathered in Washington, D.C., on **May 14–15** for the Appraisal Institute's **2025 Legislative Day and Leadership Development and Advisory Council (LDAC)** meeting. This joint event offered appraisers a powerful opportunity to advocate for the profession, meet with lawmakers, and reinforce their commitment to public trust in real estate valuation.

Over two days, attendees held more than **200 meetings** with congressional offices to advance policies that support high standards, consumer protection, and a strong housing market. Representatives from the **American Society of Appraisers (ASA)** and **International Right of Way Association (IRWA)** joined the delegation, underscoring unity within the valuation community.

Speakers included **Rep. Mike Flood (R-NE)**, Chair of the House Housing and Insurance Subcommittee, and **Matt Jones**, Deputy Assistant Secretary for Single Family Housing at HUD. Both emphasized the role of appraisers in supporting housing finance, regulatory modernization, and consumer safeguards.

To prepare for Hill meetings, participants received a legislative briefing from **Rich Feuer Anderson**, the Appraisal Institute's lobbying firm. Key policy priorities included:

- **The Portal for Appraisal Licensing (PAL) Act**, a bipartisan bill to create a national cloud-based platform to streamline appraiser licensing and reduce administrative burden.
- **AMC fee transparency**, urging Congress to direct the CFPB to require separate disclosure of AMC and appraiser fees on mortgage forms, improving clarity for consumers.
- **IRS reform**, including the creation of an **Appraisal Review Panel** to ensure due process in penalty disputes involving noncash charitable contributions.
- **Concerns over appraisal waivers and hybrid appraisals**, with calls for FHFA to reassess policies allowing **unregulated Property Data Collectors (PDCs)** to enter homes without professional standards or oversight.

The event reaffirmed the appraisal profession's strong, unified voice and its commitment to advancing sound public policy on Capitol Hill.

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- The Committee is focused on addressing **unproven claims of appraiser bias** and pushing for **consistent review standards** across FHA, FHFA, and the GSEs.

Proposed Federal Budget Eliminates Controversial Fair Housing Grant Program Targeting Appraisers

- **Budget Ends FHIP Funding:** The FY 2026 budget proposes eliminating the Fair Housing Initiatives Program (FHIP), which has supported campaigns that mischaracterized appraisers and fueled unsubstantiated bias claims.
- **No Proven Violations:** Despite media attention, no appraisers have been found liable for valuation bias; some lawsuits, like *Davoli-Turner v. Henley Appraisals*, have been dismissed.
- **Appraisal Institute Response:** AI supports the policy shift, emphasizing fair housing through fact-based dialogue while defending the profession's integrity.

The President's proposed FY 2026 budget calls for the elimination of the Fair Housing Initiatives Program (FHIP), a federal grant program that has funded advertising and complaint-based campaigns that, in recent years, have mischaracterized the role of real estate appraisers and the appraisal process.

FHIP-supported initiatives have been criticized for promoting unbalanced messaging that fueled public confusion and unfounded allegations of bias within the appraisal profession. Some FHIP grants were awarded to local groups that filed complaints against appraisers without substantiated evidence, raising due process concerns and contributing to a climate of distrust.

While the budget proposal would eliminate FHIP, it retains funding for the Fair Housing Assistance Program (FHAP), which supports enforcement by state and local agencies. HUD has also revised its discrimination complaint intake procedures: all fair housing complaints, including appraisal-related ones, must now be submitted via HUD's Office of Fair Housing and Equal Opportunity (FHEO) online portal, promoting more consistent review.

Despite intense scrutiny and national media attention, there remain no adjudicated cases in which appraisers or firms have been found to have violated fair housing laws due to valuation bias. In fact, some cases have been formally dismissed. For example, in *Davoli-Turner v. Henley Appraisals LLC*, a federal judge rejected the claim, noting the appraiser may have simply offered an honest opinion of value.

The Appraisal Institute has welcomed the proposed policy shift, emphasizing its commitment to fair housing and supporting data-driven, accurate dialogue around valuation practices—while defending the credibility and professionalism of appraisers nationwide.

- We are challenging the **increased use of waivers and hybrid appraisals** by the GSEs. These pose added risks to Fannie Mae and Freddie Mac’s books—something the current administration may take seriously as they eye conservatorship exit.

Appraisal Institute Urges FHFA to Reverse Risky Appraisal Waiver Policies

- **Risk Concerns Raised:** The Appraisal Institute warned that expanded appraisal waivers and hybrid appraisals—especially for loans with 97% LTV—pose serious financial and consumer protection risks.
- **Call for Policy Reversal:** AI urged FHFA Director Bill Pulte to rescind these changes and restore a risk-based approach to valuation oversight.
- **Support for Collaboration:** The Institute expressed its willingness to work with FHFA to strengthen mortgage market integrity and safeguard consumers.

In a recent letter, Appraisal Institute President Paula Konikoff congratulated newly confirmed FHFA Director Bill Pulte and urged immediate reconsideration of recent appraisal policy changes enacted under his predecessor.

The letter expresses deep concern over Fannie Mae and Freddie Mac’s expanded use of appraisal waivers for purchase loans with loan-to-value (LTV) ratios up to 97%, as well as the broad deployment of hybrid appraisals. Konikoff warned that such policies introduce unnecessary financial risk and undermine critical consumer protections.

Citing high LTV ratios as strong indicators of potential foreclosure, the Appraisal Institute cautioned that continuing to bypass traditional appraisals on such loans could destabilize the housing finance system and result in “a race to the bottom” in underwriting standards.

The letter calls on Director Pulte to rescind the expanded waiver policies, promote transparency, and reestablish a risk-based approach to appraisal requirements. The Institute emphasized its readiness to collaborate with FHFA leadership to preserve the integrity of mortgage lending and protect both consumers and the broader housing market.

Senate Bill Would Codify Appraisal Appeals at FHFA

- **ROV Process Codification:** A forthcoming Senate bill would codify FHFA’s Reconsideration of Value (ROV) process, giving consumers a formal way to request appraisal reviews.

- **Data Transparency:** The bill would also require public release of property-level appraisal data, with privacy safeguards, to promote transparency and informed housing policy.
- **AI Support and Advocacy:** The Appraisal Institute supports the measure and is actively working to ensure appraisers are represented in the legislative process.

A new Senate bill is expected to be introduced that would bring greater consistency to appraisal-related policy at the Federal Housing Finance Agency (FHFA). The legislation would codify FHFA's recently adopted process for appraisal appeals—formally known as Reconsideration of Value (ROV)—by ensuring consumers have a structured method to request a second look at an appraisal when warranted.

The bill is also expected to direct the public release of property-level appraisal data, with appropriate safeguards for privacy. Increased transparency around appraisal data could strengthen public understanding of valuation trends and support more informed, data-driven housing policy.

The Appraisal Institute has long supported a transparent and well-defined ROV process that balances consumer protections with the professional integrity of appraisers. The proposed legislation responds to concerns that the FHFA's current ROV policy could be rolled back administratively, as recently happened with a similar policy at the Federal Housing Administration.

AI will continue engaging with lawmakers and monitoring developments to ensure that appraisers' voices are heard and their work is appropriately represented in federal policy.

Transparency & Liability Protections

- AI supports **AMC fee disclosure** and clear **statutes of limitation** for appraisers to reduce undue liability exposure.

Montana & Colorado Enact Appraiser Statutes of Repose

- **New 5-Year Limits Enacted:** Montana and Colorado have enacted 5-year statutes of repose for civil claims against real estate appraisers, marking the 15th and 16th states to do so.
- **Scope and Exceptions:** Both laws apply to appraisers, firms, and AMCs, with Colorado including limited exceptions for fraud, misrepresentation, and consumer claims.
- **Appraisal Institute Advocacy:** The Appraisal Institute played a key role in passing the bills, emphasizing the need for liability certainty for small business appraisers.

Montana and Colorado became the 15th and 16th states to enact a statute of repose specifically for civil claims against real estate appraisers when Governors Greg Gianforte and Jared Polis signed HB 135 and SB 25-035, respectively into law.

The Montana law creates a clear five-year time limit for filing legal actions arising from appraisal or appraisal review services. The statute applies to appraisers, appraisal firms, and appraisal management companies, with the clock starting on the date the work is completed.

The Appraisal Institute played a key role in advancing the legislation. AI Director of Government Affairs, Scott DiBiasio, testified twice in support of the bill. “Appraisers deserve the certainty of knowing how long they remain exposed to potential liability,” DiBiasio told lawmakers. “Most appraisers are small business owners, and the threat of a lawsuit—years after the fact—can be financially devastating.” He added, “Expecting appraisers to defend themselves 10 or 15 years after completing an assignment is simply unreasonable.”

The Colorado law, supported strongly by the Colorado Coalition of Appraisers requires a claimant to bring an action against a real estate appraiser within 5 years after the date the appraisal report is completed and transmitted to a client. The 5-year limitation does not apply to an action against an appraiser for a defective appraisal report or service if the action is brought by a consumer who is an original party to a residential mortgage loan or residential real estate transaction or a mortgage originator who must repurchase a loan. The 5-year limitation also does not apply to an action for fraud, for misrepresentation, or for a discriminatory housing practice brought against an appraiser.

Streamlining Licensing

North Carolina Passes PAREA Legislation

On July 2, 2025, North Carolina Governor Josh Stein signed into law legislation amending the state’s appraiser licensing statute to authorize the Practical Applications of Real Estate Appraisal (PAREA) as a pathway to licensure for both Licensed Residential and Certified Residential real estate appraisers. The law that was enacted reflects several key improvements that were negotiated by the North Carolina Chapter of the Appraisal Institute during the legislative process.

The new law—“An Act to Modify the Licensing Procedures of the North Carolina Appraisers Act...” —authorizes applicants, beginning January 1, 2026, to use an approved PAREA program to satisfy experience requirements for licensure. For Licensed Residential appraisers, PAREA may be used without any additional requirements or overlays. For Certified Residential applicants, however, the law requires completion of an approved PAREA program plus the submission of 15 residential appraisal reports of subject properties located in North Carolina, five of which will be selected by the North Carolina Appraisal Board for review to determine compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The North Carolina Chapter of the Appraisal Institute played a critical role in improving the legislation. The original version of the bill included substantial barriers to entry into the Certified Residential PAREA pathway—specifically, a requirement that applicants, after completing a Certified Residential PAREA program, either (1) perform 50 traditional appraisals of properties located in North Carolina that would be reviewed by a Certified Residential or Certified General appraiser, or (2) be licensed as a Licensed Residential appraiser for five years before becoming eligible to sit for the Certified Residential licensing exam. These provisions were inconsistent with the intent of PAREA as a complete, standalone alternative to the traditional supervisor-trainee model and would have severely limited its usefulness and accessibility.

Additionally, the original bill contained a provision that would have effectively eliminated reciprocity in North Carolina. It would have required that any appraiser seeking a reciprocal license come from a state with licensure requirements substantially similar to North Carolina’s—including the 50-post-PAREA appraisal requirement. Since no other state imposes such an overlay, this provision would have rendered

reciprocal licensure functionally unavailable for most otherwise qualified out-of-state appraisers. The North Carolina Chapter recognized this issue early and successfully advocated for its removal.

Importantly, the law includes a sunset clause repealing the additional 15-report requirement for Certified Residential PAREA applicants on December 31, 2030. The North Carolina Chapter of the Appraisal Institute supported the inclusion of this sunset, recognizing that PAREA was designed by the Appraiser Qualifications Board as a complete alternative to the traditional experience pathway—without additional requirements.

State Harmonization Task Force

- Appraisal Foundation Launches State Harmonization Task Force
- Task Force Formed to Address Inconsistencies: The Appraisal Foundation has launched a State Harmonization Task Force, with Appraisal Institute participation, to address inconsistencies in appraiser licensing and certification across states.
- Focus Areas Identified: Priorities include aligning experience requirements, improving license reciprocity, reviewing background screening standards, and expanding acceptance of modern pathways like PAREA.

The Appraisal Institute is participating as part of The Appraisal Foundation's State Harmonization Task Force to address inconsistencies in real estate appraiser licensing and certification across the U.S.—a growing concern among regulators and stakeholders. A patchwork of state-level rules has created barriers to entry, limited professional mobility, and added confusion to the licensure process.

The Task Force includes representatives from state agencies, professional organizations, and subject matter experts. Its goal is to recommend ways to better align state practices with the Real Property Appraiser Qualification Criteria (AQB Criteria) while respecting states' authority to exceed national minimums.

Key priorities include:

- Experience Requirements: Clarifying how experience hours are documented and evaluated—including mass appraisal.
- Reciprocity and Mobility: Streamlining license recognition across state lines.
- Background Screening: Reviewing “good moral character” provisions and their impact.
- Licensure Pathways: Promoting acceptance of modern training programs like PAREA across jurisdictions.

The aim is not uniformity for its own sake, but greater alignment where it benefits the public, the profession, and state regulators. Stakeholders are encouraged to stay engaged as the Task Force develops its recommendations. Learn more and share input at www.appraisalfoundation.org.

AI Comments on AQB Concept Paper on Experience Options

- **Support for Flexible Pathways:** The Appraisal Institute backs the AQB's efforts to expand experience options, recommending that up to 25% of required hours come from verified "foundational knowledge" in related real estate roles.
- **Clear Standards for Credit:** AI opposes experience credit for unlicensed property data collectors but supports limited credit for licensed trainees performing supervised inspections.
- **Broader Reform Proposals:** AI recommends recognizing government and international appraisal experience, allowing firms to supervise trainees, and requiring AQB oversight of all practicum programs for consistency.

In a detailed letter to the Appraiser Qualifications Board (AQB) dated May 5, 2025, the Appraisal Institute (AI) voiced strong support for the AQB's exploration of new, more flexible experience pathways into the appraisal profession. The letter responds to the AQB's concept paper on "Additional Experience Options," offering both endorsement and a series of practical recommendations.

AI praised the shift in terminology from "alternative experience" to "additional experience," emphasizing that structured, non-traditional experiences—when properly verified—can effectively build the competencies needed for professional valuation work. AI recommended allowing up to 25% of experience hours to come from "foundational knowledge" gained in adjacent real estate roles, such as property management, market analysis, or planning.

The letter firmly opposes granting appraisal experience credit to unlicensed property data collectors, arguing it would degrade the profession's standards and reward unregulated labor. However, AI supports giving limited experience credit to licensed trainees who perform property inspections under proper supervision as part of a formal training pathway.

Additional key proposals include:

- Accepting government agency appraisal experience when documented and performed under professional standards.
- Allowing appraisal firms—not just individuals—to serve as supervisors for trainees.
- Recognizing foreign appraisal experience if aligned with international standards and properly verified.
- Requiring AQB oversight of all practicum programs to ensure consistency across states.

The Appraisal Institute commended the AQB for initiating this important conversation and urged that all changes maintain the profession's high standards while improving access and diversity in the appraisal pipeline.

Texas Moves to Expand Appraiser Pipeline and Tighten AMC Oversight

- **Support for Trainees:** Texas has enacted H.B. 3250, allowing the state appraiser board to create a stipend program for trainees and supervisors to reduce financial barriers and grow the appraiser workforce.

- **Public-Funded, Public-Focused:** The program will be funded through grants and donations and aims to strengthen the profession, enhance service to Texas residents, and support economic development.

A new law passed by the Texas Legislature, H.B. 3250, marks a significant step in supporting appraiser trainees and enhancing regulatory safeguards in the profession. The legislation allows the Texas Appraiser Licensing and Certification Board to establish a stipend program for aspiring appraisers and supervisory appraisers, helping to ease financial barriers and increase the pool of qualified professionals. The program is designed to serve several public purposes, including promoting the professional needs of the state, increasing the number of highly trained and educated appraisers available to serve Texas residents, and improving the business environment and encouraging economic development. It will be funded entirely through gifts, grants, and donations, which may include grants from the federal Appraisal Subcommittee.

Promoting AI Professionals

Minnesota Governor Signs Eminent Domain Reimbursement Increase

On May 23, Minnesota Governor Tim Walz signed into law a budget provision that raises the reimbursement limits for property owners who obtain their own appraisals in eminent domain cases. Previously, the maximum reimbursement was \$1,500 for single- and two-family residential properties and \$5,000 for all other property types. Under the new law, those limits increase to \$3,000 and \$10,000, respectively. The acquiring authority is required to reimburse the property owner within 30 days of receiving both the appraisal and the related documentation. The Appraisal Institute's North Star Chapter played a key role in advocating for these changes.

Legislative Watch

One Big Beautiful Bill Act Enacts Real Estate Tax Changes

The One Big Beautiful Bill Act (H.R. 1), signed into law by President Trump on July 4, 2025, does not include any appraisal-specific provisions. However, several key tax provisions affecting real estate were enacted that may indirectly involve appraisal considerations, particularly in areas such as cost segregation, estate planning, and financing.

Key Real Estate–Related Tax Provisions

- **Bonus Depreciation (Section 168(k))** - Permanently extends 100% first-year bonus depreciation for qualified real property.
- **Mortgage Interest Deduction** - Permanently restores the deduction for interest on up to \$1 million of qualified residence loan debt (increased from \$750,000 under prior law).
- **Section 199A Passthrough Deduction** - Makes permanent the 20% deduction for qualified business income (QBI) and expands the phase-out thresholds to \$75,000 for individuals and \$150,000 for joint filers.
- **ACRE Act Provisions** - Incorporates provisions from the Access to Credit for our Rural Economy (ACRE) Act, allowing banks and certain financial institutions to exclude 25% of interest income on qualified rural or agricultural real estate loans. Notably, this provision is permanent and does not include a sunset clause.

- Low-Income Housing and Community Development Credits:
 - Permanently increases the Low-Income Housing Tax Credit (LIHTC) ceiling by 12% starting in 2026, with inflation indexing thereafter.
 - Permanently reduces the private activity bond financing threshold for 4% LIHTC projects from 50% to 25%, effective in 2026.
 - Reestablishes the New Markets Tax Credit (NMTC) on a permanent basis, eliminating its previous expiration.
- Estate and Gift Tax Exemption - Permanently raises the estate and gift tax exemption to \$15 million per individual (or \$30 million per couple), indexed for inflation beginning in 2026. This change locks in the higher exemption level, preventing the scheduled drop to approximately \$7 million under the Tax Cuts and Jobs Act.

A controversial Senate proposal that would have required the U.S. Forest Service and Bureau of Land Management to dispose of 0.5% to 0.75% of their land holdings—potentially over 3.3 million acres in 11 Western states—was excluded from the final legislation. The proposal was dropped amid bipartisan concerns about transparency, land sale procedures, and long-term impacts.

Model Legislation: Licensing Data Collectors

- The AI has drafted a **Model Property Data Collector Licensing and Company Registration Act**.
 - Key priority: Require **licensing and oversight** of data collectors.
 - States and chapters are encouraged to adapt this model in upcoming legislative sessions.

North Dakota Allows Appraiser Evaluations

- New Law Expands Scope: North Dakota's HB 1354 allows licensed appraisers to perform evaluations for federally regulated financial institutions where full appraisals are not required.
- Standards-Based Oversight: These evaluations must follow federal Interagency Guidelines and be clearly labeled as “evaluations,” not “appraisals.”
- Effective August 1: The law modernizes valuation services while maintaining regulatory integrity and aligning North Dakota with national trends.

On April 18, North Dakota took a significant step toward modernizing its appraisal framework by enacting legislation that authorizes state-credentialed appraisers to perform evaluations for federally regulated financial institutions. Governor Kelly Armstrong signed HB [1354](#) into law, with the measure set to take effect on August 1.

Under the new statute, apprentice, licensed, and certified appraisers in North Dakota are expressly permitted to conduct evaluations in connection with real estate-related financial transactions where a full appraisal is not required under federal law. This development aligns North Dakota with a growing number of states embracing greater flexibility in valuation services, while maintaining appropriate regulatory oversight.

Importantly, the law stipulates that evaluations prepared by appraisers must be clearly labeled as an “evaluation” and not an “appraisal.” While these evaluations are exempt from the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), they must still conform to the federal Interagency Appraisal and Evaluation Guidelines, ensuring that valuation services continue to meet professional and institutional expectations.

By opening the door to appraiser-conducted evaluations, North Dakota enhances both the relevance and utility of the appraisal profession in today’s evolving financial services environment—delivering streamlined, standards-based valuation solutions without compromising public trust or regulatory integrity.