



REAL ESTATE APPRAISER BOARD

Insurance Commissioner, Glen Mulready

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May 15, 2024

Dear fellow Oklahoma Real Estate Appraisers,

I wanted to take an opportunity to introduce myself. I am the Vice-Chairman of the Oklahoma Real Estate Appraiser Board. I am a Certified Residential Appraiser from Norman and have been operating an independent residential firm for the past 25 years. It has been an honor to serve the State of Oklahoma, since 2020.

The appraisal profession has recently faced several challenges. Appraisers have had many obstacles to endure, which include the recent pandemic, significant shifts in workload volumes and market changes. Appraisers are also under more scrutiny than ever, with a higher number of reports being reviewed by both Freddie Mac and Fannie Mae. Our profession has been in the national news due to allegations of bias in appraisal reports and discrimination against minorities and protected classes.

I have recently represented the board at three Association of Appraiser Regulatory Officials (AARO) national conferences and a significant portion of these meetings included discussion about appraiser bias and discrimination.

The Appraisal Standards Board has created the Nondiscrimination section to the USPAP Ethics Rule. These changes have added mandatory compliance with fair housing and lending laws, regulations and guidelines. The current version of USPAP was effective January 1, 2024.

The board has received several communications regarding biased language in appraisal reports from Freddie Mac. Both Freddie Mac and Fannie Mae want appraisers to remove subjective or potentially biased words and phrases from appraisal reports, which may include the use of words like *desirable/undesirable*, *safe*, *well kept*, *prestigious*, *gentrification*, *reference to crime*, *protected classes*, *demographic data*, *familial makeup*, etc.

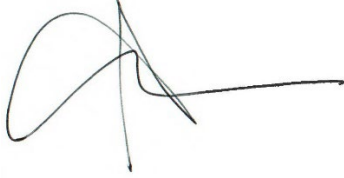
The Freddie Mac Single Family Seller / Servicer Guide, section 5603.4, identifies unacceptable practices, which also includes the usage of subjective and/or potentially biased words or phrases. It is wise to take a second look at all the information in your reports to make sure there is no biased or discriminatory language.

Oklahoma appraisers must take the 2024 version of USPAP by December 31, 2024. I would highly encourage you to take the USPAP 7-hour update course as soon as possible, or at least familiarize yourself with the new changes, to make sure your appraisal reports and practice are compliant with the new version of USPAP. Two new Advisory Opinions, (AO-39 and AO-40), have also been created for additional guidance for appraiser compliance with the new Nondiscrimination section of USPAP.

The board is here to help if you need assistance with these new requirements and regulations.

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Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized initial 'A' followed by a horizontal line extending to the right.

Aaron Emerson, Vice-Chairman
Oklahoma Real Estate Appraiser Board