

119TH CONGRESS
1ST SESSION

S. 1635

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

MAY 7, 2025

Mr. CRAMER (for himself and Mr. GALLEG0) 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—

4 (A) by moving the paragraph two ems to
5 the left; and

6 (B) by striking subparagraphs (A) and (B)
7 and inserting the following:

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

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

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

“(i) provided by the Federal Housing Administration or a private or public organization with special competence in and knowledge of appraisal education through contracts, grants, or other assistance provided by the Secretary; or

“(ii) approved by the Course Approval Program of the Appraiser Qualification Board of the Appraisal Foundation or a State appraiser certifying and licensing agency.”.

(2) APPLICATION.—Subparagraph (C) of section 202(g)(5) of the National Housing Act (12 U.S.C. 1708(g)(5)), as added by paragraph (1), shall not apply with respect to any appraiser approved by the Federal Housing Administration to conduct appraisals on mortgages insured under title II of the National Housing Act (12 U.S.C. 1707 et seq.) on or before the date on which the mortgagee letter or other guidance or regulations take effect under subsection (c)(3).

(b) COMPLIANCE WITH VERIFIABLE EDUCATION AND COMPETENCY REQUIREMENTS.—Effective beginning on the date on which the mortgagee letter or other notice or regulations take effect under subsection (c)(3), no appraiser may conduct an appraisal for any mortgage in-

1 sured under title II of the National Housing Act (12
2 U.S.C. 1707 et seq.) unless—

3 (1) the appraiser is in compliance with the re-
4 quirements under subparagraphs (A) and (B) of sec-
5 tion 202(g)(5) of such Act (12 U.S.C. 1708(g)(5)),
6 as amended by subsection (a); and

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

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

19 (1) implement the amendments made by sub-
20 section (a);

21 (2) clearly set forth all of the specific require-
22 ments under section 202(g)(5) of the National
23 Housing Act (12 U.S.C. 1708(g)(5)), as amended by
24 subsection (a), for approval to conduct appraisals

1 under title II of such Act (12 U.S.C. 1707 et seq.),
 2 which shall include—

3 (A) providing that, before the effective
 4 date of the mortgagee letter or other guidance
 5 or regulations, a demonstration of competency
 6 and completion of training that meet the re-
 7 quirements under subparagraphs (A), (B), and
 8 (C) of such section 202(g)(5), as amended by
 9 subsection (a), shall be considered to fulfill the
 10 requirements under such subparagraphs; and

11 (B) providing a method for appraisers to
 12 demonstrate such prior competency and comple-
 13 tion; and

14 (3) take effect not later than the date that is
 15 180 days after the date on which the Secretary
 16 issues the mortgagee letter or other notice or regula-
 17 tions.

18 **SEC. 3. ANNUAL REGISTRY FEES FOR APPRAISAL MANAGE-**
 19 **MENT COMPANIES.**

20 Section 1109(a) of the Financial Institutions Reform,
 21 Recovery, and Enforcement Act of 1989 (12 U.S.C.
 22 3338(a)) is amended, in the matter following clause (ii)
 23 of paragraph (4)(B), by adding at the end the following:
 24 “If the Appraisal Subcommittee determines that the fees
 25 established under clause (i) or (ii) result in adverse con-

1 sequences or are otherwise not appropriately tailored to
 2 meet the functions of the Appraisal Subcommittee under
 3 this Act, the Appraisal Subcommittee may establish a new
 4 formula to decrease the amount of the fees.”.

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

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

10 (1) in paragraph (3)—

11 (A) by inserting “and State credentialed
 12 trainee appraisers” after “licensed appraisers”;
 13 and

14 (B) by striking “and” at the end;

15 (2) by striking paragraph (4);

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

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

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

21 (B) by striking “provide” and inserting
 22 “provides”; and

23 (C) by striking the period at the end and
 24 inserting “; and”.

25 (b) ANNUAL REGISTRY FEES.—

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

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

(B) in subsection (a)—

(i) in paragraph (1), by inserting “, and in the case of a State with a supervisory or trainee program, a roster listing individuals who have received a State trainee credential” after “this title”;

(ii) by striking paragraph (2) and inserting the following:

“(2) transmit reports on the issuance and renewal of licenses, certifications, credentials, sanctions, and disciplinary actions on a timely basis to the national registry of the Appraisal Subcommittee;” and

(iii) in paragraph (4)(A)—

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

(II) by inserting “and from State credentialed trainee appraisers, an an-

1 nual registry fee of not more than
2 \$20,” after “\$40,”.

3 (2) RULE OF CONSTRUCTION.—Nothing in the
4 amendments made by paragraph (1) shall require a
5 State to establish or operate a program for State
6 credentialed trainee appraisers, as defined in para-
7 graph (12) of section 1121 of the Financial Institu-
8 tions Reform, Recovery, and Enforcement Act of
9 1989, as added by subsection (d) of this section.

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

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

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

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

22 (d) DEFINITION.—Section 1121 of the Financial In-
23 stitutions Reform, Recovery, and Enforcement Act of
24 1989 (12 U.S.C. 3350) is amended by adding at the end
25 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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