

APPRAISAL BIAS & YOUR FAIR HOUSING RIGHTS

Fair housing is a right afforded to every person living in the United States, enshrined in federal, state, and local laws.

Fair housing laws prohibit discrimination in housing based on personal characteristics, referred to within fair housing laws as “protected classes.” Fair housing laws prohibit discrimination in housing-related transactions such as buying a home, renting a home, selling a home, and the appraisal of homes.

WHAT IS A HOME APPRAISAL?

Independent, fair and objective home appraisals and valuations are a critical step of the homebuying and lending process. **A home appraisal is the estimated market value of a home as determined by a licensed appraiser.** A home is typically appraised by its characteristics such as its location, condition, and square footage. In order to issue a home loan, the lender, which is typically a bank, must conduct an appraisal to determine the value of the home that they will finance under a home mortgage loan. **Appraisals are important because they affect how much money people receive when they sell their home, how much people pay when buying a home, and how much equity people can pull out of their home when refinancing.** A home's value can create generational wealth, provide stability, and is a form of investment for its owner.

WHAT IS APPRAISAL BIAS?

Appraisal bias refers to discrimination in the appraisal process; for example, assigning a lower value to a home because of the race of the person who lives there or based upon the racial demographics of the neighborhood where the property is located. This type of discrimination most often occurs in Black and Latinx communities and/or to Black & Latinx homeowners and other homeowners of color. A professional appraiser may consciously or unconsciously consider the personal characteristics of the homeowner to determine the value of the home instead of basing the value on the characteristics of the actual property.

BEFORE GETTING AN APPRAISAL

- 1. Note upgrades and valuable assets of your home** so you know its worth.
- 2. Research comparable properties** also known as “comps” in your neighborhood to be informed about what the estimated value of your home should be. Ways to research comps include:
 - **Searching the Realtor's MLS system** for identifying homes for sale or which have recently sold
 - **Contact a local real estate agent** or look at recent sales data from the county assessor's office
 - **Review online real estate websites**
- 3. Learn about your fair housing rights.**
- 4. After getting a first appraisal you may choose to get a second opinion to compare.**

For more detailed information on appraisal bias, please visit:
<https://pave.hud.gov/getinformed>

WHAT TO DO IF YOU BELIEVE YOU HAVE EXPERIENCED APPRAISAL BIAS?

If you believe your property appraisal was not accurate or suspect possible discrimination in the lending process, there are ways to make sure you get the appraisal you deserve.

- **Contact your lender** to determine if they have a process for reconsideration of value, and if so, how to request it.
- **Submit a complaint with HUD's Office of Fair Housing and Equal Opportunity** by calling 1-800-669-9777 or filing online at <https://hud.gov/fairhousing/fileacomplaint>
- If you believe a lender discriminated against you, including by using an improper appraisal, you can **submit a complaint to the Consumer Financial Protection Bureau (CFPB):** 1-855 411-2372
- **Contact the Appraisal Subcommittee Appraisal Complaint National Hotline:** 1-877-739-0096
- **The FDIC Information and Support Center** allows users to submit inquiries or complaints about financial institutions to the FDIC for assistance and resolution. You can also **contact the FDIC Contact Center** at 1-877-ASK-FDIC (877-275-3342). The FDIC's BankFind is a way for consumers to locate information on current and former FDIC-insured banking institutions, including their primary federal regulator.
- **File a real estate complaint with the Ohio Department of Commerce** by calling (614) 466-4100, or by emailing License.complaints@com.ohio.gov
- **Contact your local fair housing agency** for information, direct advocacy, possible investigation, and assistance preparing and filing your complaint.

