

# APPRAISAL DISCRIMINATION

An appraisal is an essential part of the homebuying and lending process, as it establishes the value of the property as collateral for a mortgage.

Appraisal forms contain spaces for commentary on the property or the neighborhood that it's located. While this is standard and necessary for the appraisal process, appraisers can illegally include race or other protected class information in their reports.

The Federal Government and legislators in many states are taking action to combat the ongoing discrimination Black homebuyers and owners face. This includes the federally mandated **Property Appraisals and Valuation Equity (PAVE) Plan**.

**Inclusion of race and other personal information in a home's appraisal is a direct violation of the federal prohibitions against discrimination** under the Fair Housing and Equal Credit Opportunity Acts.

**Appraisal Discrimination** lead to homes in majority-Black neighborhoods being undervalued by **\$48,000 on average in 2021**, according to the 2022 *Faulty Foundation* study from The National Community Reinvestment Coalition.

**Appraisal Discrimination** has resulted in homes being undervalued by **12.5% in majority-Black neighborhoods, vs. the 7.4% seen in majority-White neighborhoods** according to Freddie Mac's 2021 study *Racial and Ethnic Valuation Gaps in Home Purchase Appraisals*.

**"Today, the median White family holds eight times the wealth of the typical Black family and five times the wealth of the typical Latino family."**

- U.S. Department of Housing and Urban Development