

110TH CONGRESS
1ST SESSION

H. R. 1723

To amend the National Housing Act to ensure fair appraisals in connection with mortgages insured under the FHA single family mortgage insurance program.

IN THE HOUSE OF REPRESENTATIVES

MARCH 27, 2007

Mr. WILSON of Ohio (for himself and Mr. CLAY) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the National Housing Act to ensure fair appraisals in connection with mortgages insured under the FHA single family mortgage insurance program.

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 “Fair FHA Appraisals
5 Act of 2007”.

6 **SEC. 2. CIVIL MONEY PENALTIES FOR IMPROPERLY INFLU-**
7 **ENCING APPRAISALS.**

8 Paragraph (2) of section 536(b) of the National
9 Housing Act (12 U.S.C. 1735f–14(b)(2)) is amended—

1 (1) in subparagraph (B), by striking “or” at
2 the end;

3 (2) in subparagraph (C), by striking the period
4 at the end and inserting “; or”; and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(D) in the case of an insured mortgage under
8 title II for a 1- to 4-family residence, directly or in-
9 directly compensating, instructing, inducing, coerc-
10 ing, or intimidating any person who conducts an ap-
11 praisal of the property in connection with such mort-
12 gage, or attempting, directly or indirectly, to com-
13 pensate, instruct, induce, coerce, or intimidate such
14 a person, for the purpose of causing the appraised
15 value assigned to the property under the appraisal
16 to be based on any other factor other than the inde-
17 pendent judgment of such person exercised in ac-
18 cordance with applicable professional standards.”.

19 **SEC. 3. BLIND DRAWS FOR APPRAISERS.**

20 Subsection (e) of section 202 of the National Housing
21 Act (12 U.S.C. 1708(e)) is amended—

22 (1) in paragraph (1)—

23 (A) in subparagraph (A), by striking
24 “and” at the end;

1 (B) in subparagraph (B), by striking the
2 period at the end and inserting “; and”;

3 (C) by adding at the end the following new
4 subparagraph:

5 “(C) that in the case of each mortgage for a 1-
6 to 4-family residence to be insured under title II, the
7 appraisal shall be conducted by appraiser who is se-
8 lected by the Secretary on a rotating basis, mort-
9 gage-by-mortgage, from a list of appraisers, which
10 shall be developed by the Secretary, who meet the
11 qualifications and requirements of this subsection.”;
12 and

13 (2) in paragraph (3)—

14 (A) in subparagraph (A), by striking “may
15 contract with an appraiser chosen at the discre-
16 tion of the mortgagee” and all that follows
17 through the end of the last sentence and insert-
18 ing the following: “shall utilize, for the perform-
19 ance of appraisals in connection with such
20 mortgages, only appraisers selected in the man-
21 ner provided under paragraph (1)(C).”; and

22 (B) in subparagraph (C), by striking “In
23 conducting an appraisal” and inserting the fol-

- 1 lowing: “In cases of conducting a limited num-
- 2 ber of appraisals within a limited rural area”.

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