

# Know Your Rights: Understanding and Addressing Appraisal Discrimination



The Massachusetts Attorney General's Office is committed to preserving and expanding access to safe, affordable, and equitable homeownership opportunities for all Massachusetts residents. This includes protecting homebuyers and homeowners from discriminatory home appraisals in the process of buying, selling, or refinancing a home. This resource is designed to help consumers identify, understand, and address appraisal discrimination.



## *What is an appraisal?*

An appraisal is an important component of the process of buying, selling, or refinancing a home. An appraisal is used to determine the value of a home and is conducted by a licensed appraiser.

A fair, accurate, and unbiased appraisal is critical to ensure that:

- Homebuyers pay a fair price for their home and can access equitable mortgage financing.
- Home sellers receive the value that their home is worth.
- Homeowners can access the equity in their home during a refinancing.

**A home is one of the most valuable assets most people will ever own, and everyone deserves to have their home valued fairly.**

## *What is appraisal discrimination or appraisal bias?*

Appraisal discrimination refers to bias based on race, national origin, or other protected classes in an appraiser's estimate of the value of a home. For example, appraisal discrimination could involve assigning a lower value to a home because of the race of the homeowner or the racial composition of the neighborhood. Evidence suggests that appraisal discrimination has been a contributing factor to the systemic undervaluation of homes in communities of color and to the persistent wealth gap rates.

Federal and state law prohibit discrimination in the appraisal process based on race, national origin, or other protected classes.

## *What are possible signs of appraisal discrimination?*

Sometimes appraisal discrimination is explicit or obvious. For example, an appraiser might make written or verbal comments that refer to the race, national origin, or other protected characteristics of a homeowner or neighborhood. Appraisal discrimination can also be more subtle. For example, an appraiser might compare your property to lower value properties that differ in size, condition, or location, or the appraisal report might include subjective or stereotypical terms, phrases, or comments.

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Below are a few examples that could be possible signs of appraisal discrimination:

- A neighbor's house, owned by someone outside of your protected class, is appraised or sells at a rate that is noticeably higher than what your house is appraised for even though your house is similar in size and condition.
- Your house is appraised for an amount that is surprisingly low when compared to your city's most recent real estate assessment value or to an online commercially available property value estimate.
- The appraiser compares your property to lower value properties from another neighborhood whose residents are predominantly in a similar protected class to you, especially race or national origin, instead of pulling comparable properties from the area where your house is located.

## *How do I report appraisal discrimination?*

If you believe that you have received a discriminatory home appraisal, you can file a consumer complaint with the MA Attorney General's Office online using the QR code to the right or link listed below, or by calling the Civil Rights Division at **(617) 963-2917**.

<https://www.mass.gov/how-to/file-a-civil-rights-complaint>



Civil Rights Division

You can also request a Reconsideration of Value (ROV) from your lender or file a complaint with the following organizations:

*Massachusetts Commission against Discrimination (MCAD):* MCAD is an independent state agency that enforces Massachusetts antidiscrimination laws by investigating complaints of discrimination in employment, housing, public accommodations, and other aspects of everyday life. You can file a complaint regarding appraisal discrimination online using the QR code on the right or link below.

<https://www.mass.gov/orgs/massachusetts-commission-against-discrimination>



MCAD

*Massachusetts Division of Occupational Licensure (DOL):* The DOL licenses and regulates Massachusetts real estate appraisers and appraisal management companies. You can file a discrimination complaint, or a complaint regarding general appraiser misconduct, with the DOL online using the QR code on the right or link below.

<https://www.mass.gov/file-a-complaint-against-a-dol-licensee>



DOL

You can also review disciplinary actions taken against appraisers online at:

<https://www.mass.gov/info-details/division-of-occupational-licensure-disciplinary-actions>.