

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2021-2022 Regular Session

AB 948 (Holden)
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Fiscal: Yes
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TSG

SUBJECT

Real estate licensees: Bureau of Real Estate Appraisers: disclosures: demographic information: reporting: continuing education

DIGEST

This bill proposes a series of measures to prevent unlawful discrimination in the conduct of real estate appraisals. Specifically, the bill requires: (1) provides notice to buyers and sellers of their right to an unbiased appraisal of the property; (2) establishes a mechanism to track complaints of underappraisals by demographics; (3) requires appraisers to complete continuing education eliminating bias and cultural competency.

EXECUTIVE SUMMARY

Housing discrimination has been against the law for over half a century. In subtle but pervasive ways, however, housing discrimination remains a major problem. One way that modern housing discrimination manifests is in real estate appraisals. Studies and anecdotes strongly suggest that appraisers – the experts trained and licensed to assess the value of property – are often influenced by their perception of the race of the people who occupy it, with homes apparently occupied by Whites appraising at a higher value than the equivalent homes apparently occupied by people of color. This bill proposes a multi-pronged approach for combatting the problem. Specifically, the bill would: (1) require real estate purchase and sales contracts to include a notice informing parties that is illegal for real estate appraisals to be influenced by discriminatory factors and how they can report appraisals that they believe are discriminatory; (2) establish a mechanism for tracking allegations of underappraisals by the demographic profile of the complainant; (3) require realtors and appraisers to attend professional education courses addressing bias; and (4) underscore existing law making it unlawful to discriminate when appraising real estate.

The bill is author-sponsored. Support comes from realtors and appraisers. There is no opposition on file. The bill passed out of the Senate Business, Professions, and Economic Development Committee by a vote of 12-1.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Prohibits, under the federal Fair Housing Act (FHA), any person or entity whose business includes the appraising of residential real property from discriminating against any person because of race, color, religion, sex, handicap, familial status, or national origin. (42 U.S.C. § 3506.)
- 2) Prohibits, pursuant to the state Fair Employment and Housing Act (FEHA), discrimination on the basis of race, color, religion, sex, marital status, national origin, ancestry, familial status, disability, source of income, or sexual orientation in the provision of housing accommodations, as defined, including the purchase and sale of real estate. (Gov. Code §§ 12955 - 12956.1.)
- 3) Provides for the licensure and regulation of appraisers that transact in federally-related transactions under the Real Estate Appraisers' Licensing and Certification Law. (Bus. & Prof. Code §§ 11300-11423.)
- 4) Establishes the Bureau of Real Estate Appraisers within the Department of Consumer Affairs to administer and enforce the Real Estate Appraisers' Licensing and Certification Law. (Bus. & Prof. Code § 11301)
- 5) Specifies that an "appraisal" means the act or process of developing an opinion of value of a property and states that the term "appraisal" does not include an opinion given by a real estate licensee or engineer or land surveyor in the ordinary course of their business. (Bus. & Prof. Code § 11302 (b).)
- 6) Defines a "federally related transaction" to mean any real estate-related financial transaction which a federal financial institutions regulatory agency engages in, contracts for, or regulates, and which requires the services of a state licensed real estate appraiser, and also includes any transaction identified as such by a federal financial institutions regulatory agency. (Bus. & Prof. Code § 11302(s).)
- 7) Prohibits a person from engaging in federally-related real estate appraisal activity, as specified, without an active real estate appraiser license. (Bus. & Prof. Code § 11320.)
- 8) Directs the Chief of the Bureau of Real Estate Appraisers (BREA) to develop requirements for obtaining a real estate appraiser's license, including educational background requirements. (Bus. & Prof. Code § 11340.)
- 9) Requires applicants for the renewal of a real estate appraiser's license to demonstrate the applicant's continuing fitness to hold a license prior to its renewal

and complete continuing education requirements including a minimum of four hours of federal and California appraisal-related statutory and regulatory law every four years. (Bus. & Prof. Code § 11360.)

This bill:

- 1) Requires any contract for the sale of real property to contain a notice stating that the buyer is entitled to an unbiased appraisal of the property and that an appraisal is required to be objective and not influenced by improper or illegal considerations.
- 2) Requires the notice to include information regarding reporting biased appraisals to BREAA or the financial institution or mortgage broker that hired the appraiser.
- 3) Requires the notice to be delivered by the entity refinancing a first lien purchase money loan secured by residential real property containing no more than four dwelling units either prior to, or with, loan estimate or the mortgage loan disclosure statement.
- 4) Requires BREAA to place a check box on an existing complaint form asking if the complainant believes that the opinion of the value of the real estate is below market value.
- 5) Requires BREAA to collect contact information and specified demographic information, voluntarily provided, regarding sellers, those seeking to refinance, buyers, or an authorized representative in real estate transactions when any of those individuals submit a complaint.
- 6) Requires BREAA to confirm that the complainant is the seller, someone seeking to refinance, the buyer, or a representative authorized in real estate transactions by the contact information provided in (5), above, and an authorized representative shall provide a contact telephone number, email address if available, and home address of the person that provided the authorization.
- 7) Requires BREAA to compile specified demographic information regarding sellers in real estate transactions and homeowners that file complaints based on low appraisals and report that information to the Legislature on or before July 1, 2024.
- 8) Prohibits a licensee from basing their appraisal of the market value of a property on the basis of race, color, religion, gender, gender expression, age, national origin, disability, marital status, sexual orientation, familial status, employment status, or military status of either the present or prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property, or on any other basis prohibited by the federal Fair Housing Act.

- 9) Requires, beginning January 1, 2023, an applicant for an appraiser's license to complete at least one hour of instruction in cultural competency.
- 10) Requires, beginning January 1, 2023, an appraiser to complete at least 2 hours of elimination of bias training as part of the continuing education requirement in order to renew a license or restore a license to active status.
- 11) Requires, beginning January 1, 2023, all licensed appraisers to complete at least one hour of instruction in cultural competency every 4 years.
- 12) Makes it unlawful for any person or other entity whose business includes performing appraisals of residential real property to discriminate against any person in making available those services, or in the performance of those services, because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, source of income, disability, genetic information, veteran or military status, or national origin.

COMMENTS

1. Impetus for the bill

Homeownership is one of the principal ways that American families build wealth and pass that wealth along generationally. The perceived value of property also influences access to credit and its terms. As a result, property appraisal – the business of formally estimating how much a property is worth – has major impacts not just on individual real estate transactions, but on economic opportunity across communities and over generations.

Recently, both individual incidents and broad studies have documented patterns of discrimination in the value of home appraisals based on the perceived race of the occupants. A New York Times story from 2020 neatly illustrates the problem:

Abena and Alex Horton wanted to take advantage of low home-refinance rates brought on by the coronavirus crisis. So in June, they took the first step in that process, welcoming a home appraiser into their four-bedroom, four-bath ranch-style house in Jacksonville, Fla.

The Hortons live just minutes from the Ortega River, in a predominantly white neighborhood of 1950s homes that tend to sell for \$350,000 to \$550,000. They had expected their home to appraise for around \$450,000, but the appraiser felt differently, assigning a value of \$330,000. Ms. Horton, who is Black, immediately suspected discrimination.

The couple's bank agreed that the value was off and ordered a second appraisal. But before the new appraiser could arrive, Ms. Horton, a lawyer, began an experiment: She took all family photos off the mantle. Instead, she hung up a series of oil paintings of Mr. Horton, who is white, and his grandparents that had been in storage. Books by Zora Neale Hurston and Toni Morrison were taken off the shelves, and holiday photo cards sent by friends were edited so that only those showing white families were left on display. On the day of the appraisal, Ms. Horton took the couple's 6-year-old son on a shopping trip to Target, and left Mr. Horton alone at home to answer the door.

The new appraiser gave their home a value of \$465,000 — a more than 40 percent increase from the first appraisal.¹

Similar scenarios have unfolded in California. The author of this bill highlights two recent incidents where it appears the homes of people of color appear were severely undervalued on the basis of the occupant's race. On one property in Marin City, the appraised value of a property jumped by nearly \$500,000 when indicators of Black occupancy were removed from it.² For another property in Oakland, a second appraisal of a Black and Puerto Rican couple's home came back \$254,000 lower than the first appraisal, even though the appraisal took place just a few months apart and the real estate market overall had gone up in the interim.³

These anecdotal incidents comport with wider studies about the valuation of property owned and occupied by Black families. A 2018 Brookings Institute Study found that owner-occupied homes in Black neighborhoods are undervalued by an average of \$48,000 per home, resulting in the stripping of \$156 billion, cumulatively, from the Black homeowners.⁴ An even more recent academic research paper concluded that, in the time since housing discrimination was outlawed by the federal FHA, the gap between

¹ Kamin. *Black Homeowners Face Discrimination in Appraisals* (Aug. 25, 2020) New York Times <https://www.nytimes.com/2020/08/25/realestate/blacks-minorities-appraisals-discrimination.html> (as of Jul. 4, 2021).

² Glover. *Black California Couple Lowballed by \$500K in Home Appraisal, Believe Race Was a Factor* (Feb. 12, 2021) ABC7 News <https://abc7news.com/black-homeowner-problems-sf-bay-area-housing-discrimination-minority-homeownership-anti-black-policy/10331076/> (as of Jul. 4, 2021).

³ Glover. *Bay Area Black, Latina Real Estate Couple Lowballed \$250K in Home Appraisal* (Feb. 23, 2021) ABC 7 News <https://abc7news.com/black-homeowner-problems-sf-bay-area-housing-discrimination-minority-homeownership-anti-black-policy/10362859/> (as of Jul. 4, 2021).

⁴ Perry, Rothwell, and Harshbarger. *The Devaluation of Assets in Black Neighborhoods: The Case of Residential Property* (Nov. 17, 2018) The Brookings Institute <https://www.brookings.edu/research/devaluation-of-assets-in-black-neighborhoods/> (as of Jul. 4, 2021).

the appraised value of White homes and the homes of people of color has actually gotten bigger.⁵

2. Components of the bill

This bill proposes to try to address the problem of discriminatory real estate appraisals through four separate measures.

a. Underscoring that discrimination in real estate appraisals is illegal

Both the federal FHA and California's FEHA prohibit housing discrimination, in both home rentals and home sales, based on race and ethnicity, among other protected characteristics. The FHA applies explicitly to appraisals. (42 U.S.C. § 3506.) FEHA almost certainly prohibits discriminatory appraisals as well, if for no other reason than that FEHA expressly states that it provides at least the same protection against housing discrimination as federal law. (Gov. Code § 12955.6.) It is noteworthy, however, that the current FEHA's housing discrimination prohibitions do not appear to mention appraisals directly anywhere in the text.

This bill would add a new provision to FEHA expressly stating that discrimination is forbidden when performing appraisals. The explicit reference to appraisals should help to underscore the fact that discriminatory appraisals are unlawful.

b. Notification requirement

To help ensure that homeowners and homebuyers are fully aware that real estate appraisals must be free from bias, this bill would require notice of that fact to be provided to consumers in the two primary scenarios for which an appraisal is especially relevant. First, the notice would have to be included in any real estate purchase and sales contract. Second, any company refinancing a mortgage on a residential property with four or fewer units would have to provide the property owner with the notice.

In addition to informing the parties about their right to a fair appraisal, the notice also informs the parties about actions they can take to obtain redress in the event they believe an appraisal to have been influenced by discrimination. The notice tells the parties that they can report the unfair appraisal to the lender or mortgage broker who hired the appraiser and gives them instructions for filing a complaint with BREA, as well.

⁵ Junia Howell, Elizabeth Korver-Glenn, The Increasing Effect of Neighborhood Racial Composition on Housing Values, 1980–2015, Social Problems, 2020, spaa033, <https://doi.org/10.1093/socpro/spaa033> (as of Jul. 4, 2021).

c. *Alleged underappraisal reporting system*

BREA already offers real estate consumers a mechanism for filing complaints about appraisals and appraisers.⁶ This bill would require BREA to add a box to its complaint form that consumers could check in order to indicate their belief that the appraisal about which they are complaining is below the market value. The bill would also require BREA to collect demographic data, voluntarily provided by complainants, about the complainants' characteristics that are protected against discrimination. In other words, BREA must ensure that its complaint forms enable the person filling them out to voluntarily identify their race, ethnicity, gender identity, military or veteran status, and any other information relevant to their status within a protected class.⁷ Finally, the bill would instruct BREA to allow complainants to provide their contact information on the form so that BREA can follow up with them.

Taken together, this information should enable BREA to obtain a better sense of how widespread the problem of discriminatory appraisals is. Not all consumers will file complaints with BREA, of course, even if they believe their property has been underappraised. Some consumers presumably will, however, and by checking those allegations against the complainants' race, ethnicity, gender, and other identities within the protected classes, BREA should be able to compile a picture of how frequently discrimination improperly influences the estimated value of Californians' homes. The bill instructs BREA to report this information to the Legislature by no later than July 1, 2024.

d. *Professional education requirements*

In order to obtain, renew, or restore a real estate appraiser's license in California, the appraiser has to demonstrate to BREA's satisfaction that the appraiser has met the requirements. There are significant educational prerequisites for obtaining a real estate appraiser's license. There are also substantial continuing education requirements that licensees have to meet every four years in order to be able to keep their license. Presently, none of those educational requirements necessarily involves training in

⁶ See https://www.brea.ca.gov/forms/REA_4001.pdf (as of Jul. 4, 2021).

⁷ In this regard, the language in the bill is slightly confusing. As a technical matter, protected classes are categories like race, gender, and ethnicity. Read literally, the bill instructs BREA to have complainants mark boxes indicating their protected class. The intent is almost certainly to have complainants indicate what group the complainant belongs to *within* a protected class. In other words, complainants will not mark boxes next to words like "race" or "gender"; they will mark boxes next to words like "White," "African-American," "Asian Pacific Islander," "male," "female," "non-binary," etc. In that regard, it may be worth considering that having individual boxes for each potential category within a protected class could quickly become unwieldy in the case of things like national origin, since there are more than 100 nations that might apply. To avoid forcing BREA to create a very lengthy form, the author proposes to offer amendments in Committee that address this logistical problem while still achieving the intent of the statute.

cultural competency or the elimination of bias. This bill would require people seeking a real estate appraiser's license for the first time to complete at least one hour of training in cultural competency. For those who already have a license, the bill requires the completion of at least two hours of training on the elimination of bias, and one hour of training on cultural competency every four years (or prior to the restoration of any license that has lapsed).

3. Food for future policy thought

The measures proposed by this legislation will likely help to reduce bias in the appraisal industry. However, those measures alone do not necessarily address what may be a fundamental part of the problem: the real estate appraisal profession is not just disproportionately white and male, it is overwhelmingly so. According to an Appraisal Institute study of the "valuation profession," of the just over 78,000 active real estate appraisers at the end of 2018, *over 85 percent* identified as White or Caucasian, while *only 1.3 percent* identified as Black or African-American.⁸ Hispanic or Latino real estate appraisers accounted for just 4.3 percent of the profession; Asians a mere 1.1 percent.⁹ The profession is also alarmingly skewed in terms of gender: 78 percent of appraisers identify as male.¹⁰ These statistics may hint at where the heart of the problem lies.

It will likely be helpful to have all of these white male appraisers undergo continuing education on cultural competency and eliminating bias. Moreover, appraisers and professionals of all stripes can benefit from taking the time to reflect on these topics, as evidence has shown that no one is free from the influence of the implicit bias that surrounds us constantly.¹¹ Even still, more profound and enduring change might result if a far greater proportion of the real estate appraisal profession had at least an initial understanding of these matters based upon lived experience. There has been some suggestion that the continued use of the apprenticeship system in the real estate appraisal profession is a practical barrier to greater diversity.¹² In the future, the Legislature may wish to examine that issue and explore other possible policy changes that could make the appraisal industry more reflective of the broader population and therefore less likely to continue practices that systematically devalue the property of people of color.

⁸ U.S. *Valuation Profession Fact Sheet: Q1 2019*. Appraisal Institute.

<https://www.appraisalinstitute.org/file.aspx?DocumentId=2342> (as of Jul. 4, 2021).

⁹ *Ibid.*

¹⁰ *Ibid.*

¹¹ See, generally, Manaji and Greenwald. *Blindspot: Hidden Biases of Good People*. (2013) Delacorte Press.

¹² Samee Ali. *Black Appraisers Call Out Industry's Racial Bias and Need for Systemic Change* (Jun. 7, 2021) NBC News <https://www.nbcnews.com/news/us-news/black-appraisers-call-out-industry-s-racial-bias-need-systemic-n1269452> (as of Jul. 4, 2021).

4. Proposed amendments

In order to address the issues set forth in the Comments, above, the author proposes to incorporate amendments into the bill that would:

- clarify that BREa will be collecting data on complainants identity within protected classes; and
- give additional flexibility to BREa on the design of the paper version of the complaint form to avoid it becoming unwieldy.

A mock-up of the amendments in context is attached to this analysis.

5. Arguments in support of the bill

According to the author:

Black homeowners in predominantly White neighborhoods are getting their homes appraised for far less than their neighbors. It's just another example of how bias, whether explicit or implicit, creates inequity for Black Americans. This is redlining 2.0. This bill reflects a starting point in a much-needed conversation about how discrimination is still prevalent in the home buying, selling, and refinance process, and I am committed to addressing this inequity.

In support of the bill, the Appraisal Institute of California Government Relations Committee writes:

Around the country, there have been anecdotal reports of potential under valuations of property based upon the race of the principals in transactions. If true, this is simply wrong and indefensible. Appraisals are critical components in real estate transactions, and all parties to those transactions, and their lenders and brokers, should have confidence that the appraisals reflect valuations based upon market conditions. Expressions of opinion of market value should not be influenced by the race, gender, national origin, sexual orientation, or any other protected characteristic of the principals in transactions.

In further support of the bill, the California Association of Realtors writes:

AB 948 (Holden) is another bill in this vein that C.A.R. wholeheartedly supports. Among other provisions, AB 948 will require that every real property purchase agreement contain a notice stating that the buyer and seller are entitled to an unbiased appraisal and gives complaint contact information to the parties to

utilize. It also ensures a notice is included in loan materials, should the consumer be involved in a refinance of the property that requires an appraisal. Furthermore, AB 948 adds continuing education requirements for real estate appraisers in the areas of cultural competency and elimination of bias and closes a loophole by adding “refinance” to the specified groups of services contemplated under the Fair Employment and Housing Act.

SUPPORT

Appraisal Institute of California, Government Relations Committee
CA State NAACP
California Association of Realtors
California Bankers Association
California Mortgage Bankers Association
California State Board of Equalization

OPPOSITION

None known

RELATED LEGISLATION

Pending Legislation:

SB 263 (Rubio, 2021) requires realtors to take a two-hour training on implicit bias as part of the 45 hours of continuing education they must complete to renew their license. SB 263 is currently pending consideration on the Assembly Floor.

AB 1466 (McCarty, 2021) establishes a task force for the purpose of searching out, redacting, and compiling a publicly searchable database of unlawful and discriminatory restrictive housing covenants. AB 1466 is currently pending consideration before the Senate Appropriations Committee.

Prior Legislation:

SB 70 (Bates, Ch. 928, Stats. 2018) provided that until January 1, 2020, a licensee is not required to comply with specified professional appraisal standards that provide a limitation on restricted appraisal reports to intended users other than or in addition to the client, if certain requirements are met, including that the consent of the client is obtained in advance.

AB 624 (Wilk, 2015) would have authorized licensed real estate appraisers to use a standard of valuation practice approved by the Bureau of Real Estate Appraisers for performing non-federally related appraisal activities, as specified. AB 264 died in the Senate Appropriations Committee.

PRIOR VOTES:

Senate Business, Professions, and Economic Development Committee (Ayes 12, Noes 1)

Assembly Floor (Ayes 78, Noes 0)

Assembly Appropriations Committee (Ayes 16, Noes 0)

Assembly Business and Professions Committee (Ayes 19, Noes 0)

Amended Mock-up for 2021-2022 AB-948 (Holden (A))

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. This act shall be known, and may be cited, as the Fair Appraisal Act.

SEC. 2. Section 10149.1 is added to the Business and Professions Code, to read:

10149.1. (a) After July 1, 2022, every contract for the sale of real property shall contain, in no less than 8-point type, the following notice:

“Any appraisal of the property is required to be unbiased, objective, and not influenced by improper or illegal considerations, including, but not limited to, any of the following: race, color, religion (including religious dress, grooming practices, or both), gender (including, but not limited to, pregnancy, childbirth, breastfeeding, and related conditions, and gender identity and gender expression), sexual orientation, marital status, medical condition, military or veteran status, national origin (including language use and possession of a driver’s license issued to persons unable to provide their presence in the United States is authorized under federal law), ancestry, disability (mental and physical, including, but not limited to, HIV/AIDS status, cancer diagnosis, and genetic characteristics), genetic information, or age. If a buyer or seller believes that the appraisal has been influenced by any of the above factors, the seller or buyer can report this information to the lender or mortgage broker that retained the appraiser and may also file a complaint with the Bureau of Real Estate Appraisers at <https://www2.brea.ca.gov/complaint/> or call (916) 552-9000 for further information on how to file a complaint.”

(b) The notice described in subdivision (a) shall also be delivered by the entity, or a person acting under the authority of the entity’s license, refinancing a first lien purchase money loan secured by residential real property containing no more than four dwelling units, including, but not limited to, a mortgage broker, a financial institution, a mortgage loan originator, a lender licensed under the California Finance Law (Division 9 (commencing with Section 22000) of the Financial Code), and a licensee licensed under the California Residential Mortgage Lending Act (Division 20 (commencing with Section 50000) of the Financial Code), either prior to, or with, the loan estimate as required by the federal Truth in Lending Act, as amended (15 U.S.C. Sec. 1601 et seq.), or the mortgage loan disclosure statement as required pursuant to Section 10240. The notice described in subdivision (a) may be included as part of the disclosure required under Section 1002.14(a)(2) of the federal Equal Credit Opportunity Act (Regulation B) (12 C.F.R. Sec. 1002 et seq.).

(c) The provisions of Section 10185 do not apply to this section.

SEC. 3. Section 11310.3 is added to the Business and Professions Code, to read:

11310.3. (a) It is the intent of the Legislature, in enacting this section, to ensure that no one is discriminated against during the appraisal process of a real estate transaction.

(b) The bureau, on its existing complaint form, shall create a check box asking if the complainant believes the opinion of the value of the real estate is below the market value. The bureau shall collect demographic information regarding sellers, those seeking to refinance, buyers, or a representative authorized in real estate transactions making a complaint, including, but not limited to, their identity within a protected class as ~~listed~~identified in the notice described Section 10149.1. This information shall be provided on a voluntary basis by the sellers, those seeking to refinance, the buyers, or by a representative authorized in real estate transactions. The information may include a contact telephone number, email address if available, and home address of the complainant.

(c) The bureau shall compile data on the identity within a protected class of the sellers, those seeking to refinance, the buyers, or an authorized representative who believes the opinion of the value of the real estate is below the market value. The bureau complaint form shall ~~allow have check boxes or a drop-down menu, if on an internet website, for~~ the complainant to select their identity within the protected classes as follows:

(1) By using a drop down menu, if on an internet website.

(2) By checking boxes, if on a paper form.

(3) It is the intent of the Legislature that the complaint form shall be short, simple, and easy to complete. Consistent with that intent, the bureau may, at its discretion, include an option for the complainant to select "other" for any protected class for which listing every possible identity within the protected class would render the form excessively lengthy, complex, or difficult to complete.

(d) The bureau shall confirm that the complainant is the seller, someone seeking to refinance, the buyer, or a representative authorized in real estate transactions by the contact information provided in subdivision (b). An authorized representative shall provide a contact telephone number, email address if available, and home address of the person that provided the authorization.

(e) (1) On or before July 1, 2024, the bureau shall report to the Legislature in the aggregate the information collected and compiled pursuant to subdivisions (b) and (c).

(2) A report submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 4. Section 11340 of the Business and Professions Code is amended to read:

11340. The director shall adopt regulations governing the process and the procedure of applying for a license that shall include, but not be limited to, necessary experience or education, equivalency, and minimum requirements of the Appraisal Foundation, if any.

(a) For purposes of the educational background requirements established under this section, the director shall do both of the following:

(1) Grant credits for any courses taken on real estate appraisal ethics or practices pursuant to Section 10153.2, or that are deemed by the director to meet standards established pursuant to this part and federal law.

(2) Require the completion of a course on state and federal laws regulating the appraisal profession, as approved by the bureau every two years. The course shall include an examination that requires an applicant to demonstrate the applicant's knowledge of those laws.

(b) For the purpose of implementing and applying this section, the director shall prescribe by regulation "equivalent courses" and "equivalent experience." The experience of employees of an assessor's office or of the State Board of Equalization in setting forth opinions of value of real property for tax purposes shall be deemed equivalent to experience in federally related real estate appraisal activity. Notwithstanding any other law, a holder of a valid real estate broker license shall be deemed to have completed appraisal license application experience requirements upon proof that the applicant has accumulated 1,000 hours of experience in the valuation of real property.

(c) The director shall adopt regulations for licensure that shall meet, at a minimum, the requirements and standards established by the Appraisal Foundation and the federal financial institutions regulatory agencies acting pursuant to Section 1112 of the Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA) (Public Law 101-73). The director shall, by regulation, require the application for a real estate appraiser license to include the applicant's social security number or individual taxpayer identification number.

(d) In evaluating the experience of any applicant for a license, regardless of the number of hours required of that applicant, the director shall apply the same standards to the experience of all applicants.

(e) (1) Beginning January 1, 2023, in addition to the requirements set forth in this section, an applicant for licensure shall complete at least one hour of instruction in cultural competency.

(2) For purposes of this section, "cultural competency" means understanding and applying cultural and ethnic data to the process of care that includes, but is not limited to, information on the appropriate treatment of, and provision of care to, the lesbian, gay, bisexual, transgender, and intersex communities, ethnic communities, and religious communities.

(f) No license shall be issued to an applicant who is less than 18 years of age.

(g) The cost of any educational course required by this section shall not be borne by any client served by a licensee.

SEC. 5. Section 11360 of the Business and Professions Code is amended to read:

11360. (a) The director shall adopt regulations governing the process and procedures for renewal of a license or restoration of a license to active status that shall include, but not be limited to, continuing education requirements, which shall be reported on the basis of a four-year continuing education cycle, and, for each licensee renewing on or after January 1, 2023, include at least two hours of elimination of bias training, either individually or as part of a broader course.

(b) An applicant for renewal of a license shall be required to demonstrate the applicant's continuing fitness to hold a license prior to its renewal. Applicants shall also fulfill continuing education requirements established pursuant to this section and shall be required to take a minimum of four hours of federal and California appraisal related statutory and regulatory law every four years.

(c) Beginning January 1, 2023, as part of the continuing education required by this section, a licensee shall complete at least one hour of instruction in cultural competency every four years.

(d) The cost of any educational course required by this section shall not be borne by any client served by a licensee.

(e) For purposes of this section, "cultural competency" means understanding and applying cultural and ethnic data to the process of care that includes, but is not limited to, information on the appropriate treatment of, and provision of care to, the lesbian, gay, bisexual, transgender, and intersex communities, ethnic communities, and religious communities.

SEC. 6. Section 11424 is added to the Business and Professions Code, to read:

11424. (a) Licensees shall not base, either partially or completely, their analysis or opinion of market value on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, familial status, employment status, or military status of either the present or prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property, or on any other basis prohibited by the federal Fair Housing Act.

(b) The provisions of Section 10185 do not apply to this section.

SEC. 7. Section 12955 of the Government Code is amended to read:

12955. It shall be unlawful:

(a) For the owner of any housing accommodation to discriminate against or harass any person because of the race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information of that person.

(b) For the owner of any housing accommodation to make or to cause to be made any written or oral inquiry concerning the race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, disability, veteran or military status, or genetic information of any person seeking to purchase, rent, or lease any housing accommodation.

(c) For any person to make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a housing accommodation that indicates any preference, limitation, or discrimination based on race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information or an intention to make that preference, limitation, or discrimination.

(d) For any person subject to the provisions of Section 51 of the Civil Code, as that section applies to housing accommodations, to discriminate against any person on the basis of sex, gender, gender identity, gender expression, sexual orientation, color, race, religion, ancestry, national origin, familial status, marital status, disability, genetic information, source of income, veteran or military status, or on any other basis prohibited by that section. Selection preferences based on age, imposed in connection with a federally approved housing program, do not constitute age discrimination in housing.

(e) For any person, bank, mortgage company, or other financial institution that provides financial assistance for the purchase, refinance, organization, or construction of any housing accommodation to discriminate against any person or group of persons because of the race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information in the terms, conditions, or privileges relating to the obtaining or use of that financial assistance.

(f) For any owner of housing accommodations to harass, evict, or otherwise discriminate against any person in the sale or rental of housing accommodations when the owner's dominant purpose is retaliation against a person who has opposed practices unlawful under this section, informed law enforcement agencies of practices believed unlawful under this section, has testified or assisted in any proceeding under this part, or has aided or encouraged a person to exercise or enjoy the rights secured by this part. Nothing herein is intended to cause or permit the delay of an unlawful detainer action.

(g) For any person to aid, abet, incite, compel, or coerce the doing of any of the acts or practices declared unlawful in this section, or to attempt to do so.

(h) For any person, for profit, to induce any person to sell or rent any dwelling by representations regarding the entry or prospective entry into the neighborhood of a person or persons of a particular race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, ancestry, disability, genetic information, source of income, familial status, veteran or military status, or national origin.

(i) (1) For any person or other organization or entity whose business involves real estate-related transactions to discriminate against any person in making available a transaction, or in the terms and conditions of a transaction, because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, source of income, familial status, disability, veteran or military status, or genetic information.

(2) For any person or other entity whose business includes performing appraisals, as defined in subdivision (b) of Section 11302 of the Business and Professions Code, of residential real property to discriminate against any person in making available those services, or in the performance of those services, because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, source of income, disability, genetic information, veteran or military status, or national origin.

(j) To deny a person access to, or membership or participation in, a multiple listing service, real estate brokerage organization, or other service because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, ancestry, disability, genetic information, familial status, source of income, veteran or military status, or national origin.

(k) To otherwise make unavailable or deny a dwelling based on discrimination because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, source of income, disability, genetic information, veteran or military status, or national origin.

(l) To discriminate through public or private land use practices, decisions, and authorizations because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, familial status, marital status, disability, genetic information, national origin, source of income, veteran or military status, or ancestry. Discrimination includes, but is not limited to, restrictive covenants, zoning laws, denials of use permits, and other actions authorized under the Planning and Zoning Law (Title 7 (commencing with Section 65000)), that make housing opportunities unavailable.

Discrimination under this subdivision also includes the existence of a restrictive covenant, regardless of whether accompanied by a statement that the restrictive covenant is repealed or void.

(m) As used in this section, “race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, veteran or military status, or genetic information,” includes a perception that the person has any of those characteristics or that the person is associated with a person who has, or is perceived to have, any of those characteristics.

(n) To use a financial or income standard in the rental of housing that fails to account for the aggregate income of persons residing together or proposing to reside together on the same basis as the aggregate income of married persons residing together or proposing to reside together.

(o) In instances where there is a government rent subsidy, to use a financial or income standard in assessing eligibility for the rental of housing that is not based on the portion of the rent to be paid by the tenant.

(p) (1) For the purposes of this section, “source of income” means lawful, verifiable income paid directly to a tenant, or to a representative of a tenant, or paid to a housing owner or landlord on behalf of a tenant, including federal, state, or local public assistance, and federal, state, or local housing subsidies, including, but not limited to, federal housing assistance vouchers issued under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f). “Source of income” includes a federal Department of Housing and Urban Development Veterans Affairs Supportive Housing voucher. For the purposes of this section, a housing owner or landlord is not considered a representative of a tenant unless the source of income is a federal Department of Housing and Urban Development Veterans Affairs Supportive Housing voucher.

(2) For the purposes of this section, it shall not constitute discrimination based on source of income to make a written or oral inquiry concerning the level or source of income.