

SUMMARY OF PROPOSED RULE ON PROVIDING APPRAISALS AND VALUATIONS

The Consumer Financial Protection Bureau (CFPB or the Bureau) invites the public to comment on a proposed rule on appraisals and valuations. Please submit your comments online at www.regulations.gov by October 15, 2012. Comments on the Paperwork Reduction Act analysis, however, are not due until 60 days after the proposed rule is published in the *Federal Register*. This proposed rule is designed to help inform mortgage applicants on how a creditor determines a property's value prior to closing on the mortgage. It will also make it easier for loan applicants to determine if a loan application was denied due to a discriminatory appraisal.

About The Proposed Rule

The proposed rule would implement an amendment to the Equal Credit Opportunity Act (ECOA). ECOA prohibits lenders from discriminating on the basis of race, national origin, sex, or other bases protected under the statute. The Bureau plans to finalize the rule by January 2013.

Background

In response to the recent mortgage crisis, Congress amended ECOA to require creditors to automatically provide mortgage applicants with a copy of appraisal reports and valuations prepared in connection with certain mortgage loans. These changes were enacted in the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).¹ The Bureau is now proposing a rule to implement those changes.

Summary of Proposed Rule

In general, the proposed rule would amend the regulations implementing ECOA to:

- Limit the requirement to applications for credit to be secured by a first lien on a dwelling.

¹ Pub. L. 111-203, 124 Stat. 1376, section 1474 (2010).

- Require that creditors notify applicants within three business days of receiving an application of their right to receive a copy of written appraisals and valuations developed in connection with their application.
- Require that creditors provide applicants a copy of all written appraisals and valuations promptly after receiving them, but in no case later than three business days prior to closing on the mortgage.
- Permit applicants to waive the timing requirement to receive copies three days prior to consummation, provided a copy of all written appraisals and valuations is provided at or prior to closing.
- Prohibit creditors from charging additional fees for providing a copy of written appraisals and valuations, but permit creditors to charge applicants a reasonable fee to reimburse the creditor for the cost of the appraisal or valuation unless otherwise provided by law.