

Board of Governors of the Federal Reserve System

Joint Press Release

Board of Governors of the Federal Reserve System
Consumer Financial Protection Bureau
Federal Deposit Insurance Corporation
Federal Housing Finance Agency
National Credit Union Administration
Office of the Comptroller of the Currency

For immediate release

August 15, 2012

Agencies Issue Proposed Rule on Appraisals for Higher-Risk Mortgages

WASHINGTON--Six federal financial regulatory agencies today issued a proposed rule to establish new appraisal requirements for "higher-risk mortgage loans." The proposed rule would implement amendments to the Truth in Lending Act enacted by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Under the Dodd-Frank Act, mortgage loans are higher-risk if they are secured by a consumer's home and have interest rates above a certain threshold.

For higher-risk mortgage loans, the proposed rule would require creditors to use a licensed or certified appraiser who prepares a written report based on a physical inspection of the interior of the property. The proposed rule also would require creditors to disclose to applicants information about the purpose of the appraisal and provide consumers with a free copy of any appraisal report.

Creditors would have to obtain an additional appraisal at no cost to the consumer for a home-purchase higher-risk mortgage loan if the seller acquired the property for a lower price during the past six months. This requirement would address fraudulent property flipping by seeking to ensure that the value of the property being used as collateral for the loan legitimately increased.

The proposed rule is being issued by the Board of Governors of the Federal Reserve System, the Consumer Financial Protection Bureau, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the National Credit Union Administration, and the Office of the Comptroller of the Currency.

The Federal Register notice is attached. The agencies are seeking comments from the public on all aspects of the proposal. The public will have 60 days, or until October 15, 2012, to review and comment on most of the proposal. However, comments related to the proposed Paperwork Reduction Act analysis will be due 60 days after the rule is published in the Federal Register. Publication of the proposal in the Federal Register is expected shortly.

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[Attachment \(1.28 MB PDF\)](#)