

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

January 18, 2013

Agencies Issue Final Rule on Appraisals for Higher-Priced Mortgage Loans

WASHINGTON--Six federal financial regulatory agencies today issued the final rule that establishes new appraisal requirements for "higher-priced mortgage loans." The rule implements amendments to the Truth in Lending Act made by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). Under the Dodd-Frank Act, mortgage loans are higher-priced if they are secured by a consumer's home and have interest rates above certain thresholds.

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

If the seller acquired the property for a lower price during the prior six months and the price difference exceeds certain thresholds, creditors will have to obtain a second appraisal at no cost to the consumer. This requirement for higher-priced home-purchase mortgage loans is intended to address fraudulent property flipping by seeking to ensure that the value of the property legitimately increased.

The rule exempts several types of loans, such as qualified mortgages, temporary bridge loans and construction loans, loans for new manufactured homes, and loans for mobile homes, trailers and boats that are dwellings. The rule also has exemptions from the second appraisal requirement to facilitate loans in rural areas and other transactions.

The 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 rule will become effective on January 18, 2014.

In response to public comments, the agencies intend to publish a supplemental proposal to request additional comment on possible exemptions for "streamlined" refinance programs and small dollar loans, as well as to seek clarification on whether the rule should apply to loans secured by existing manufactured homes and certain other property types.

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[Attachment \(1.1 MB PDF\)](#)