

Supporting Statement
Appraisals for Higher-Priced Mortgage Loans
OMB Control No. 1557-0313

A. Justification.

1. *Circumstances that make the collection necessary:*

This information collection relates to section 1471 of the Dodd-Frank Reform and Consumer Protection Act, which created new Truth in Lending Act (TILA) section 129H establishing special appraisal requirements for “higher-risk mortgages.” For certain mortgages with an annual percentage rate that exceeds the average prime offer rate by a specified percentage, creditors must obtain an appraisal or appraisals meeting certain specified standards, provide applicants with a notification regarding the use of the appraisals, and give applicants a copy of the written appraisals used. The statute permits the OCC to include exemptions from the requirements in any final rule. The OCC implemented these requirements and exemptions thereto in 2013.¹

2. *Use of the information:*

This information collection relates to section 1471 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which added a new section 129H to the Truth in Lending Act (TILA) establishing special appraisal requirements for “higher-risk mortgages.” For certain mortgages with an annual percentage rate that exceeds the average prime offer rate by a specified percentage, creditors must obtain an appraisal or appraisals meeting certain specified standards, provide applicants with a notification regarding the use of the appraisals, and give applicants a copy of the written appraisals used. The statute permits the OCC to issue a rule to include exemptions from these requirements.

The information collection requirements are found in 12 CFR 34.203(c)(1), (c)(2), (d), (e) and (f). This information is required to protect consumers and promote the safety and soundness of creditors making higher-priced mortgage loans (HPMLs) subject to 12 CFR part 34, subpart G. This information is used by creditors to evaluate real estate collateral securing HPMLs subject to 12 CFR 1026.35(c) and by consumers entering these transactions. The collections of information are mandatory for creditors making HPMLs subject to 12 CFR part 34, subpart G.

Under 12 CFR 34.203(e) and (f), a creditor must, no later than the third business day after the creditor receives a consumer’s application for an HPML, provide the consumer with a disclosure that informs the consumer that the creditor may order an appraisal to determine the value of the property and charge the consumer for that appraisal, that the creditor will provide the consumer with a copy of any appraisal, and that the consumer may choose to have an

¹ 78 FR 10368 (February 13, 2013) (February 2013 Final Rule) and 78 FR 78519 (December 26, 2013) (December 2013 Final Rule).

additional appraisal conducted at the expense of the consumer. If a loan is an HPML subject to 12 CFR 34.203(c), then, under 12 CFR 34.203(c)(1) and (2), the creditor is required to obtain a written appraisal prepared by a certified or licensed appraiser who conducts a physical visit of the interior of the property that will secure the transaction (Written Appraisal) and provide a copy of the Written Appraisal to the consumer. Under 12 CFR 34.203(d)(1), a creditor is required to obtain an additional appraisal (Additional Written Appraisal) for an HPML that is subject to 12 CFR part 34, subpart G if: (1) the seller acquired the property securing the loan 90 or fewer days prior to the date of the consumer's agreement to acquire the property and the price in the consumer's agreement to acquire the property exceeds the seller's acquisition price by more than 10 percent; or (2) the seller acquired the property securing the loan 91 to 180 days prior to the date of the consumer's agreement to acquire the property and the price in the consumer's agreement to acquire the property exceeds the seller's acquisition price by more than 20 percent.

Under 12 CFR 34.203(d)(3) and (4), the Additional Written Appraisal must meet the requirements described in 12 CFR 34.203(c)(1) and also include an analysis of: (1) the difference between the price at which the seller acquired the property and the price the consumer is obligated to pay to acquire the property; (2) changes in market conditions between the date the seller acquired the property and the date of the consumer's agreement to acquire the property; and (3) any improvements made to the property between the date the seller acquired the property and the date of the consumer's agreement to acquire the property. Under 12 CFR 34.203(f), a creditor is required to provide the consumer with a copy of any Additional Written Appraisal.

3. *Consideration of the use of improved information technology:*

Respondents may use any type of improved information technology they have available to meet the requirements of this regulation.

4. *Efforts to identify duplication:*

This information is not available elsewhere.

5. *If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.*

There are no alternatives that would result in lowering the burden on small institutions, while still accomplishing the purpose of the rule.

6. *Consequences to the Federal program if the collection were conducted less frequently:*

Less frequent collection would result in safety and soundness concerns.

7. *Special circumstances necessitating collection inconsistent with 5 CFR part 1320:*

This collection is conducted in accordance with the guidelines in 5 CFR part 1320.

8. *Efforts to consult with persons outside the agency:*

On February 24, 2020, the OCC issued a notice for 60 days of comment regarding this collection, 85 FR 10511. No comments were received.

9. *Payment to respondents.*

There is no payment to respondents.

10. *Any assurance of confidentiality:*

There is no assurance of confidentiality.

11. *Justification for questions of a sensitive nature:*

Not applicable. No personally identifiable information is collected.

12. Estimate of Hour Burden Including Annualized Hourly Costs:

Summary of PRA Burden Hours

	Estimated Number of Respondents	Estimated Number of Appraisals Per Respondent	Estimated Burden Hours Per Appraisal	Estimated Total Annual Burden Hours ²
	[a]	[b]	[c]	[d] = (a*b*c)
Review and Provide a Copy of Written Appraisal				
	1,134	0.16	0.25	45
Investigate and Verify Requirement for Additional Written Appraisal				
	1,134	0.85	0.25	241
Review and Provide a Copy of Additional Written Appraisal				
	1,134	0.02	0.25	6

Total Burden:

Cost of Hour Burden:

² Totals rounded.

292 x \$114 = \$33,288

To estimate wages, we reviewed May 2018 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities excluding nondepository credit intermediaries (NAICS 5220A1). To estimate compensation costs associated with the rule, we use \$114 per hour, which is based on the average of the 90th percentile for nine occupations adjusted for inflation (2.8 percent as of Q1 2019 according to the BLS), plus an additional 33.2 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2018 for NAICS 522: credit intermediation and related activities).

13. *Estimate of annualized costs to respondents:*

None.

14. *Estimate of annualized costs to the government:*

None.

15. *Changes in burden:*

Prior Burden: 19,946

Current Burden: 292

Difference: -19,654

The reduction in burden is due to the reduction in the number of regulated entities and the removal of start-up burden relating to one-time review of legal guidance and training.

16. *Information regarding collections whose results are planned to be published for statistical use:*

The OCC has no plans to publish the information for statistical use.

17. *Display of expiration date.*

Not applicable.

18. *Exceptions to certification statement.*

None.

B. Collections of Information Employing Statistical Methods.

Not applicable.