

CUNA Regulation B Appraisals Chart

(Revised October 29, 2013)

Regulation B/ Equal Credit Opportunity Act	12 CFR 1002.14: Rules on providing appraisals and other valuations
Who's covered?	Creditors that make mortgage loans secured by a 1 st lien on a dwelling
What's covered?	Loans secured by a first lien on a dwelling, e.g., closed end mortgage loans.
When is compliance required?	The rule will go into effect on January 18, 2014.
General Requirements	<ul style="list-style-type: none"> • Requires creditors to notify applicants within three business days of receiving an application of their right to receive a copy of appraisals developed. • Requires creditors to provide applicants a copy of each appraisal and other written valuation promptly upon their completion or three business days before consummation (for closed-end credit) or account opening (for open-end credit), whichever is earlier. • Permits applicants to waive the timing requirement for providing these copies. However, applicants who waive the timing requirement must be given a copy of all appraisals and other written valuations at or prior to consummation or account opening, or if the transaction is not consummated or the account is not opened, no later than 30 days after the creditor determines the transaction will not be consummated or the account will not be opened. • Prohibits creditors from charging for the copy of appraisals and other written valuations, but permits creditors to charge applicants reasonable fees for the cost of the appraisals or other written valuation unless applicable law provides otherwise.
HPML Loans	The disclosure requirements of this rule overlap with the rule on appraisals for higher-priced mortgage loans that the CFPB issued jointly with NCUA and the federal banking agencies. That rule implements an amendment that the Dodd-Frank Act made to TILA, which also requires creditors to provide free copies of appraisals in transactions covered by the rule and to provide a disclosure at application. The same appraisal notice can be used to satisfy both this rule and the TILA rule, in transactions where both rules apply.

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<p>Providing appraisals and valuations Section 1002.14(a)(1)</p>	<p>A creditor shall provide an applicant a copy of all appraisals and other written valuations developed in connection with an application for credit that is to be secured by a first lien on a dwelling.</p> <p>A creditor shall provide a copy of each such appraisal or other written valuation <u>promptly</u> upon completion (e.g. when the final version is received by the creditor), or three business days prior to consummation of the transaction (for closed-end credit) or account opening (for open-end credit), whichever is earlier.</p> <p>An applicant may waive the timing requirement in this paragraph (a)(1) and agree to receive any copy at or before consummation or account opening, except where otherwise prohibited by law.</p> <p>Any such waiver must be obtained at least three business days prior to consummation or account opening, unless the waiver pertains solely to the applicant's receipt of a copy of an appraisal or other written valuation that contains only clerical changes from a previous version of the appraisal or other written valuation provided to the applicant three or more business days prior to consummation or account opening.</p> <p>If the applicant provides a waiver and the transaction is not consummated or the account is not opened, the creditor must provide these copies no later than 30 days after the creditor determines consummation will not occur or the account will not be opened.</p>
<p>Disclosure Section 1002.14(a)(2)</p>	<p>For applications subject to paragraph (a)(1) of this section, a creditor shall mail or deliver to an applicant, not later than the third business day after the creditor receives an application for credit that is to be secured by a first lien on a dwelling, a notice in writing of the applicant's right to receive a copy of all written appraisals developed in connection with the application. In the case of an application for credit that is not to be secured by a first lien on a dwelling at the time of application, if the creditor later determines the credit will be secured by a first lien on a dwelling, the creditor shall mail or deliver the same notice in writing not later than the third business day after the creditor determines that the loan is to be secured by a first lien on a dwelling.</p>

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<p>Reimbursement 1002.14(a)(3)</p>	<p>A creditor shall not charge an applicant for providing a copy of appraisals and other written valuations as required under this section, but may require applicants to pay a reasonable fee to reimburse the creditor for the cost of the appraisal or other written valuation unless otherwise provided by law.</p> <p><u>Commentary to Section 1002.14(a)(3) regarding reasonable fee for reimbursement:</u></p> <p>1. <i>Photocopy, postage, or other costs.</i> Creditors may not charge for photocopy, postage, or other costs incurred in providing a copy of an appraisal or other written valuation in accordance with section 14(a)(1).</p> <p>2. <i>Reasonable fee for reimbursement.</i> Section 1002.14(a)(3) does not prohibit a creditor from imposing a reasonable fee to reimburse the creditor's costs of the appraisal or other written valuation, so long as the fee is not increased to cover the costs of providing copies of such appraisals or other written valuations under § 1002.14(a)(1). A creditor's cost may include an administration fee charged to the creditor by an appraisal management company as defined in 12 U.S.C. 3350(11). Section 1002.14(a)(3) does not, however, legally obligate the applicant to pay such fees. Further, creditors may not impose fees for reimbursement of the costs of an appraisal or other valuation where otherwise prohibited by law. For instance, a creditor may not charge a consumer a fee for the performance of a second appraisal if the second appraisal is required under 15 U.S.C. 1639h(b)(2) and 12 CFR 1026.35(c).</p>
<p>Withdrawn, denied or incomplete applications 1002.14(a)(4)</p>	<p>The requirements set forth in paragraph (a)(1) of this section apply whether credit is extended or denied or if the application is incomplete or withdrawn.</p>
<p>Copies in electronic form 1002.14(a)(5)</p>	<p>The copies required by § 1002.14(a)(1) may be provided to the applicant in electronic form, subject to compliance with the consumer consent and other applicable provisions of the Electronic Signatures in Global and National Commerce Act (E-Sign Act)(15 U.S.C. 7001 et seq.).</p>
<p>Definitions 1002.14(b)</p>	<p>(1) Consummation: means the time that a consumer becomes contractually obligated on a closed-end credit transaction.</p>

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Commentary to 14(b)(1) Consummation:

1. *State law governs.* When a contractual obligation on the consumer's part is created is a matter to be determined under applicable law; § 1002.14 does not make this determination. A contractual commitment agreement, for example, that under applicable law binds the consumer to the credit terms would be consummation. Consummation, however, does not occur merely because the consumer has made some financial investment in the transaction (for example, by paying a nonrefundable fee) unless, of course, applicable law holds otherwise.
2. *Credit vs. sale.* Consummation does not occur when the consumer becomes contractually committed to a sale transaction, unless the consumer also becomes legally obligated to accept a particular credit arrangement.

(2) Dwelling: means a residential structure that contains one to four units whether or not that structure is attached to real property. The term includes, but is not limited to, an individual condominium or cooperative unit, and a mobile or other manufactured home.

Commentary to 14(b)(2) Dwelling:

1. *"Motor vehicles" not covered.* The requirements of § 1002.14 do not apply to "motor vehicles" as defined by 12 U.S.C. 5519(f)(1). [For example, the regulation doesn't apply to recreational vehicles (RVs) or boats.]

(3) Valuation: means any estimate of the value of a dwelling developed in connection with an application for credit.

Commentary to 14(b)(3) Valuation:

1. *Valuations—examples.* Examples of valuations include but are not limited to:

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	<ol style="list-style-type: none">I. A report prepared by an appraiser (whether or not licensed or certified) including the appraiser's estimate of the property's value or opinion of value.II. A document prepared by the creditor's staff that assigns value to the property.III. A report approved by a government-sponsored enterprise for describing to the applicant the estimate of the property's value developed pursuant to the proprietary methodology or mechanism of the government-sponsored enterprise.IV. A report generated by use of an automated valuation model to estimate the property's value.V. A broker price opinion prepared by a real estate broker, agent, or sales person to estimate the property's value. <p>2. <i>Attachments and exhibits.</i> The term "valuation" includes any attachments and exhibits that are an integrated part of the valuation.</p> <p>3. <i>Other documentation.</i> Not all documents that discuss or restate a valuation of an applicant's property constitute a "valuation" for purposes of § 1002.14(b)(3). Examples of documents that discuss the valuation of the applicant's property or may reflect its value but nonetheless are not "valuations" include but are not limited to:</p> <ol style="list-style-type: none">I. Internal documents that merely restate the estimated value of the dwelling contained in an appraisal or written valuation being provided to the applicant.II. Governmental agency statements of appraised value that are publically available.III. Publicly-available lists of valuations (such as published sales prices or mortgage amounts, tax assessments, and retail price ranges).IV. Manufacturers' invoices for manufactured homes.
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	<ul style="list-style-type: none"> V. Reports reflecting property inspections that do not provide an estimate of the value of the property and are not used to develop an estimate of the value of the property. VI. Appraisal reviews that do not include the appraiser's estimate of the property's value or opinion of value.
<p>Sample Disclosure Form C-9</p>	<p>Form C-9—Sample Disclosure of Right to Receive a Copy of Appraisals</p> <p>We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.</p> <p><u>Commentary to Appendix C – Sample Notification Forms:</u></p> <ol style="list-style-type: none"> 1. <i>Form C-9.</i> If not otherwise provided under other applicable disclosure requirements, creditors may design their own form, add to, or modify the model form to reflect their individual policies and procedures. For example, a creditor may want to add: <ul style="list-style-type: none"> i. A telephone number that applicants may call to leave their name and the address to which a copy of the appraisal or other written valuation should be sent. ii. A notice of the cost the applicant will be required to pay the creditor for the appraisal or other valuation.
<p>Additional Resources</p>	<p>Visit CUNA's e-Guide: "Mortgage Lending Rules (2013) – Appraisals," for a summary, frequently asked questions (FAQs), latest developments and resources on the new appraisal rules.</p>