

BUREAU ISSUES FINAL ECOA APPRAISAL RULE

On January 18, 2013, the Consumer Financial Protection Bureau issued another of the anticipated mortgage-related rules; specifically its final rule amending Regulation B to require that creditors automatically – that is, without the applicant's request – provide a copy of the appraisal obtained in connection with an application for a loan to be secured by a first lien on a dwelling.

The final rule stems from the Dodd-Frank Reform Act, which amended Section 701(e) of the Equal Credit Opportunity Act (ECOA) to require creditors to give a copy of the appraisal as a matter of course, rather than providing copies upon applicants' request, which is currently one way to comply with existing provisions of Regulation B. The final rule becomes effective January 18, 2014, one year after the date the Bureau issued the rule.

Note that this new rule applies whether the loan is for a consumer or business purpose.

The final rule amends Section 1002.14 of Regulation B. Among other things, the rule:

- Requires creditors to notify applicants within three business days of receiving an application of their right to receive a copy of the appraisal.
- Requires creditors to provide applicants a copy of each appraisal and other written valuation promptly upon its completion or within three business days before consummation (for closed-end loans) or account opening (for open-end credit), whichever is earlier.
- Permits applicants to waive the timing requirement for providing a copy. However, even if the applicant waives the timing requirement, a copy of the appraisal must be given no later than consummation or account opening. For transactions that are not consummated – in other words, the loan is denied or withdrawn or closed for incompleteness – a copy of the appraisal must be given no later than 30 days after the creditor determines that the transaction will not be consummated.
- Prohibits creditors from charging for the copy of appraisals and other written valuations. Note that this requirement does not prohibit the creditor from charging the applicant for the cost of obtaining the appraisal itself, but rather creditors cannot charge

for making a copy of the appraisal (or other written valuations) and delivering it to the applicant.

For questions regarding the Bureau's final amendments to Regulation B, contact Janet Bonnefin or Bob Olsen with our Firm's Consumer Practice Group at 949-474-1944, or email them at **JBonnefin@ABMLawFirm.com** or **ROlsen@ABMLawFirm.com**. We also encourage you to attend the BCG Mortgage Lending Seminar scheduled for this March. A copy of the Seminar Announcement can be downloaded at the BCG website at **<https://www.bankerscompliancegroup.com/upcoming-seminars.php>**.