

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

July 15, 2013

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Savings and Loan Holding Companies,
and Foreign Banking Offices
in the Twelfth Federal Reserve District

Agencies Propose Amendment to Regulation Z to Exempt Subset of Higher-Priced Mortgage Loans from Appraisal Requirements

On Wednesday, July 10, 2013, six federal financial regulatory agencies issued a proposed rule that would create exemptions from certain appraisal requirements for a subset of higher-priced mortgage loans. The proposed exemptions are intended to save borrowers time and money and to promote the safety and soundness of creditors. The appraisal requirements for higher-priced mortgages were imposed by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). Under the Dodd-Frank Act, mortgage loans are considered to be higher-priced if they are secured by a consumer's home and have interest rates above a certain threshold.

The proposed rule would provide that the following three types of higher-priced mortgage loans would be exempt from the Dodd-Frank Act appraisal requirements: loans of \$25,000 or less; certain "streamlined" refinancing's; and certain loans secured by manufactured housing.

In January 2013, a final rule implementing the new Dodd-Frank Act appraisal requirements was issued by the Federal Reserve Board, 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. Compliance with the final rule will become mandatory on January 18, 2014. These same agencies are jointly issuing the proposed rule on additional exemptions in response to public comments previously received.

The Federal Register notice is attached. The agencies are seeking comments from the public on all aspects of the proposal. The public will have until September 9, 2013, 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.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking-supervision/publications/district-circular-letters/>.

For additional information, please contact:

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Attachment: [Appraisals for Higher-Priced Mortgage Loans – Supplemental Proposal](#)