

SUBJECT: Providing Copies of Appraisals

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INTRODUCTION

This release applies to all credit unions, both state and federal. It describes state and federal requirements to provide mortgage loan applicants with copies of appraisals or other valuations used in connection with their loans.

EXECUTIVE SUMMARY

Under state and federal regulations, credit union must give mortgage loan applicants copies of appraisals or valuations (and in some cases, notify them that they have the right to obtain copies). This release explains those requirements.

A different release, *The League’s ii Release No. B008 – Appraisals and Evaluations*, covers other appraisal-related compliance issues, including:

- When appraisals or valuations are required;
- Exemptions from appraisal requirements;
- Appraiser independence and qualifications;
- Quality controls for appraisals and evaluations;
- Management of relationships with third parties conducting appraisals; and
- Prohibited discrimination in appraisals.

This release addresses each of the following sets of state and federal regulations on providing copies of appraisals:

Wisconsin Consumer Act

For loans subject to the Wisconsin Consumer Act, credit unions must provide the customer, before any payment is due, with a copy of any appraisal for which he/she is assessed an additional charge. (Wis. Admin. Code DFI-WCA §1.263.) The Consumer Act rules do not require the credit union to provide a notice about the consumer’s right to a copy of the appraisal, nor do the rules require the consumer to request a copy.

NCUA regulations

The NCUA requires federal credit unions (FCUs) to make copies of any appraisal used in connection with a member's subordinate-lien, dwelling-secured loan application available to that member upon request. (NCUA Regulations §701.31(c)(5).) The right to request the copy continues for 25 months from notification of action taken on the application. The NCUA rules do not apply to state-chartered credit unions, only FCUs, and they do not apply to applications for first-lien loans, which are covered by Reg. B (described next).

Equal Credit Opportunity Act / Reg. B

A credit union must share copies of all written valuations (not just appraisals) that it develops in connection with an application for a closed-end loan or open-end line of credit (i.e., HELOC) secured by a first lien on a dwelling. (Reg. B §1002.14.)

A credit union has three days after it gets an application for a first-lien dwelling-secured loan to notify the applicant of the right to copies of appraisals and other written valuations developed in connection with the application. A separate notice is not required for loans where the credit union has provided a Loan Estimate, which already includes the notice.

The credit union must “promptly” share copies of appraisals and other written valuations with the applicant. “Promptly” means promptly upon completion, or at least three business days before loan closing (for closed-end credit) or account opening (for open-end credit), whichever is earlier. This requirement applies whether credit is extended or denied or the application is incomplete or withdrawn.

An applicant may waive the timing requirement of these rules and agree to receive copies of appraisals or other written valuations at or before loan closing or HELOC account opening, except where otherwise prohibited by law. The credit union must still deliver the copies at or before loan closing or HELOC account opening. The credit union must get the applicant’s waiver at least three business days prior to loan closing or HELOC account opening – unless a clerical error is involved.

The credit union cannot charge for copies of appraisals or other written valuations, but it can charge the applicant a reasonable fee to reimburse the cost of preparing appraisals and other written valuations, unless applicable law prohibits it or otherwise restricts it.

Appraisals for higher-priced mortgage loans

A “higher-priced mortgage loan” (HPML) is a closed-end consumer loan secured by the consumer’s principal dwelling (including home purchase loans, refinancings, and home equity loans) if the APR is greater than the “Average Prime Offer Rate” for a comparable transaction (as of the date the interest rate is set) by certain margins.

If a loan is “higher-priced,” then Reg. Z §1026.35(c) imposes several restrictions on it, including two appraisal requirements. Both of the HPML appraisal rules are explained in detail (along with other HPML compliance issues) in The League’s *ii Release No. B068*.

- The credit union must:
 - Disclose to consumers within three business days after receiving the consumers’ applications that they are entitled to a free copy of any appraisal (although a separate notice is not required for loans where the credit union has provided a Loan Estimate, which already includes the notice);
 - Obtain a written appraisal of the property (including its interior) meeting certain standards; and
 - Deliver copies of appraisals to applicants no later than three business days before closing (or within 30 business days after determining that the loan will not close)
- A second appraisal is required from a different certified or licensed appraiser – at the credit union’s expense – if a covered HPML is being “flipped,” meaning that it is being resold within 180 days after it was purchased by the seller, and the price that the credit union’s applicant is paying is above certain thresholds. The HPML rules include several exemptions from this requirement.

Complying with multiple rules

If a loan is subject to more than one set of rules, credit unions must look at the requirements that apply and comply with the stricter requirement on any point where they differ.

To help clarify when and how the various regulations apply, The League has prepared the following chart:

Regulations Requiring Copies of Appraisals

	Wisconsin Consumer Act	NCUA Rules	Reg. B	HPMLs (general rule)	HPMLs on “flipped” homes
Applies to closed-end loans?	Yes	Yes	Yes	Yes	Yes
Applies to open-end loans?	Yes	Yes	Yes	No	No
Secured by ...	Any collateral, but only if loan is subject to	Any “real estate related loan applications”	Any dwelling, meaning a 1- to 4-family residential	Principal dwelling (regardless)	Principal dwelling (regardless)

	Wisconsin Consumer Act	NCUA Rules	Reg. B	HPMLs (general rule)	HPMLs on “flipped” homes
	Consumer Act & if consumer was charged for appraisal		structure (regardless whether attached to real estate)	whether attached to real estate)	whether attached to real estate)
Applies to consumer loans?	Yes	Yes	Yes	Yes	Yes
Applies to business purpose loans?	No	Yes, if secured by residential real estate	Yes, if secured by a dwelling	No	No
Applies to first liens?	No	No	Yes	Yes	Yes
Applies to subordinate liens?	Yes, unless credit union also holds first	Yes	No	Yes	Yes
Applies to mobile home loans?	Yes	Yes	Yes	No	No
Applies to state-chartered CUs?	Yes	No	Yes	Yes	Yes
Applies to FCUs?	Yes, if loan is made “in Wisconsin”	Yes	Yes	Yes	Yes
Notice required?	No	No	Yes	Yes	No (general HPML notice alerts applicants of right to copy of “any” appraisal)
Must applicant request copy?	No	Yes. Copies must be made available upon request, & right to request continues 25 months from notice of action taken on application	No	No	No
Does rule allow CU to charge applicant for appraisal?	Yes, “appraisal fees” allowed on closed-end credit; CU may collect fees consumer agrees to in open-end credit; CU must provide copy of appraisal only if consumer was charged for it	NCUA rules does not address appraisal charges	Yes, applicants may be assessed a reasonable charge for preparing appraisals/valuations, but not charges for copying, etc.	Yes, but CU cannot charge fees for copying, postage, etc. nor can it raise the consumer’s interest rate or mark-up other fees to cover this cost	No, CU cannot charge applicant for second appraisal, including by imposing fee for that appraisal or by marking up interest rate or any other fees payable by the consumer in connection with the HPML
Exceptions				Exceptions from both HPML appraisal requirements for: – Qualified mortgages. – Loans below an annually-adjusted threshold - \$34,200, effective Jan. 1, 2026 (up from \$33,500 in 2025). – Reverse mortgages. – Bridge loans. – Initial construction loans. – Loans secured by boats, trailers, mobile homes, and manufactured homes (in some cases). – “Streamlined” refinancings. See ii Release No. B068 for details.	

WISCONSIN CONSUMER ACT (DFI-WCA 1.263)

For loans subject to the Wisconsin Consumer Act, a credit union must provide an applicant, before any payment is due, with a copy of any appraisal for which he/she is assessed an additional charge. Wis. Admin. Code DFI-WCA §1.263.

The Consumer Act rules do not require the credit union to provide a notice about the consumer's right to a copy of the appraisal, nor do the rules require the consumer to request a copy.

The Consumer Act generally applies to any loan, lease, or credit sale (including refinancings, consolidations, deferrals and other modifications) made in Wisconsin for a personal, family, or household purpose unless any of the following three *exceptions apply*:

1. The amount financed on closed-end credit exceeds \$25,000 ([increased to \\$50,000 as of Jan. 1, 2027](#)). (For leases, this refers to the "total lease obligation.") For open-end credit, [this](#) threshold does not apply to any meaningful extent. Regulators believe that any open-end consumer-purpose loan is subject to the WCA, unless exception #2 or #3 applies.
2. All borrowers are organizations.
3. The loan is secured by a first mortgage (or an "equivalent security interest" – meaning a second mortgage where the credit union also holds the first mortgage).

If your credit union chooses to write a loan on consumer paper, such as The League's Consumer Note (WCUL #82073 or #82073-MLA), the loan will be subject to most WCA provisions, even if it would have been exempt from the WCA otherwise.

Wis. Stats. §422.202(2)(d) allows "appraisal fees" (if the member agrees to them) in closed-end consumer credit transactions involving manufactured homes or loans secured by real property. The term "appraisal fee" is not defined, but the rules say that the fees are only allowed if they:

- Will be paid to persons not related to the credit union.
- Are reasonable in amount;
- Are bona fide; and
- Are not for the purpose of circumventing or evading the Consumer Act.

In open-end credit, the Consumer Act says the credit union may collect fees "that are agreed upon by the creditor and the customer."

The WCA rules appear to apply to both state- and federally-chartered credit unions making covered consumer loans in Wisconsin. (We are unaware of the NCUA rules preempting the state appraisal rule.)

Note that the Reg. B rules discussed later in this release only apply to credit secured by a first lien on a dwelling, regardless whether the loan is for a consumer or business purpose. The WCA rules, on the other hand, apply only to consumer purpose loans. Also, the WCA rules apply to loans secured by subordinate liens – but not first liens. (Keep in mind, that second mortgages are exempt from WCA coverage if the credit union also holds the first mortgage. In these situations, the WCA refers to the second mortgage as an "equivalent security interest.")

NCUA REGULATIONS (§701.31(C)(5))

NCUA rules require federal credit unions (FCUs) to make copies of any appraisal used in connection with a member's subordinate-lien, dwelling-secured application available to that member upon request. The right to request the copy continues for 25 months from notification of action taken on the application.

The NCUA rules do not apply to state-chartered credit unions, only FCUs, and they do not apply to applications for first-lien loans. Which are covered by Reg. B (described next).

The rules are not limited to consumer purpose loans, so it seems that they apply to a business-purpose loan secured by a dwelling.

Prior to Jan. 18, 2014, the Reg. B appraisal rules did not apply to FCUs. The CFPB removed that exemption, and FCUs are now required to comply with both the Reg. B rules and the NCUA rules. In addition, we believe that FCUs must comply with the WCA rules described earlier in this release, for a covered consumer loan made in Wisconsin.

EQUAL CREDIT OPPORTUNITY ACT / REG. B §1002.14

The following Reg. B rules apply to all closed-end loans or open-end lines of credit (i.e., HELOCs) secured by a first lien on a dwelling. Note that a loan does not necessarily need to be for the purchase of a home to be in first-lien position. A credit union's equity loan can be in first-lien position if there are no other security interests ahead of the credit union's lien.

The rules require credit unions to share copies of all written valuations (not just appraisals) that the credit union develops in connection with an application for a covered loan. In other words, the credit union may have to provide copies of multiple valuations/appraisals.

A credit union has three days after it gets an application for a first-lien, dwelling-secured loan to notify the applicant of the right to copies of appraisals and other written valuations developed in connection with the application.

The credit union must "promptly" share copies of appraisals and other written valuations with the applicant. "Promptly" means promptly upon completion, or at least three business days before loan closing (for closed-end credit) or three days before account opening (for open-end credit), whichever is earlier. This requirement applies whether credit is extended or denied or the application is incomplete or withdrawn.

An applicant may waive the timing requirement of these rules and agree to receive copies of appraisals or other written valuations at or before loan closing or HELOC account opening, except where otherwise prohibited by law. The credit union must still deliver the copies at or before loan closing or HELOC account opening. The credit union must get the applicant's waiver at least three business days prior to loan closing or HELOC account opening – unless a clerical error is involved.

The credit union cannot charge for copies of appraisals or other written valuations, but it can charge the applicant a reasonable fee to reimburse the cost of preparing appraisals and other written valuations, unless applicable law prohibits it or otherwise restricts it.

The CFPB offers two "factsheets" with information about its Reg. B requirements to deliver copies of all written valuations that a credit union develops in connection with an application for a covered loan:

- *"Factsheet: Transaction coverage under the ECOA Valuations Rule"* explains the coverage requirements under the Reg. B rules and addresses frequently asked questions.
- *"Factsheet: Delivery of appraisals"* explains delivery requirements for appraisals under the Reg. B rules and addresses questions the CFPB has received.

Applicability

The rules apply to state- and federally-chartered credit unions. (Prior to Jan. 18, 2014, the Reg. B appraisal rules did not apply to FCUs.)

Covered loans

The Reg. B rules cover applications for closed-end or open-end credit (that is, a HELOC) secured by a first lien on a dwelling.

A "dwelling" is defined as a residential structure that contains one to four units whether or not that structure is attached to real property, and including but not limited to an individual condominium or cooperative unit, and a mobile or other manufactured home.

A loan does not necessarily need to be for the purchase of a home to be in first-lien position. A credit union's equity loan can be in first-lien position if there are no other security interests ahead of the credit union's lien. Covered loans include:

- Loans for business purposes (for example, a loan to start a business), investment or leisure purposes (such as a vacation home or investment property), or consumer purposes (for example, a loan to purchase a home);

- Loss-mitigation transactions, such as loan modifications, short sales, and deed-in-lieu transactions, if they are credit transactions covered by Reg. B;
- Loans secured by mobile or manufactured homes;
- Reverse mortgages; and
- Time-share loans if they are credit transactions covered by Reg. B (and if, as in each of the above examples, they are secured by a first lien on a dwelling).

The rules do not apply to second liens and other subordinate loans and loans that are not secured by a dwelling (such as loans secured solely by land).

A “dwelling” is 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, individual condominium units, mobile homes, and manufactured homes. (Reg. B §1002.14(c).)

Covered “valuations”

The rules require credit unions to share copies of all written valuations (not just appraisals) that the credit union develops in connection with an application for a covered loan. In other words, the credit union may have to provide copies of multiple valuations/appraisals.

Reg. B defines what it means by the term “valuation.” It means any estimate of the value of a dwelling developed in connection with an application for credit. (Reg. B §1002.14(b)(3).) The NCUA regulations define the term “valuation” or “evaluation” differently, for purposes of determining when appraisals or valuations are required, minimum standards for appraisals and valuations, etc. For a discussion of those NCUA requirements, see The League’s *ii Release No. B008*.

As used in the Reg. B appraisal rules, the term “valuation” includes:

- An appraiser’s report (whether or not the appraiser is licensed or certified), including the appraiser’s estimate of the property’s value or opinion of value;
- A document the credit union’s staff prepares that assigns value to the property;
- A report approved by a government-sponsored enterprise for describing to the applicant an estimate developed by the enterprise’s proprietary methodology or mechanism;
- Automated valuation model reports used to estimate the property’s value;
- A broker price opinion prepared by a real estate broker, agent, or salesperson to estimate the property’s value; and
- Any attachments or exhibits that are an integrated part of the valuation. (Reg. B Comment 14(b)(3)-1.)

The credit union must share with applicants the valuations that secondary market partners develop and share with the credit union in connection with the credit application process.

If a valuation is developed in connection with the application, then the credit union must provide a copy to the applicant, even if the credit union does not use the valuation or uses it only for a limited purpose.

Not all documents that discuss or restate a property’s value are valuations. Documents that discuss property value but are *not* valuations include:

- Internal documents that merely restate the estimated value of the dwelling contained in an appraisal or other written valuation the credit union is providing to the applicant (for example, an internal email that only mentions the appraised value in the appraiser’s report to be provided to the applicant);
- Government agency statements of appraised value that are publicly available;
- Publicly-available lists of valuations (such as published sales prices or mortgage amounts, tax assessments, and retail price ranges);
- Manufacturers’ invoices for manufactured homes;

- Reports reflecting property inspections that do not provide an estimate or opinion of the value of the property and are not used to develop an estimate of the value of the property; and
- Appraisal reviews that do not include the appraiser's estimate of the property's value of opinion of value. (Reg. B Comment 14(b)(3)-3.)

Notify applicants within three business days

A credit union has three days after it gets an application for a first-lien, dwelling-secured loan to notify the applicant of the right to copies of appraisals and other written valuations developed in connection with the application. (The Reg. B appraisal notice is not required for second-lien or other subordinate-lien transactions.)

Separate notice vs. Loan Estimate notice

The credit union does not need to give a separate appraisal notice if it provides a Loan Estimate. The TILA-RESPA Integrated Disclosure Rule applies to virtually all closed-end consumer credit transactions secured by real property. The rule requires (among other things) a Loan Estimate, which already includes appraisal-related disclosures that satisfy the requirements of Reg. B. For details, see The League's *ii Release No. B079*.

In cases where the TILA-RESPA rule does not apply, a separate notice will be required. This would include, for example:

- Open-end consumer loans credit secured by a first lien on a dwelling (whether real estate or personal property)
- Closed-end consumer loans secured by a first lien on dwelling that is personal property, such as a manufactured home that is not attached to real estate (as described in *ii Release No. B019*);
- Commercial-purpose, credit secured by a first lien on a dwelling (whether real estate or personal property); and
- For renewals, when the creditor develops a new appraisal or other written valuation.

Format of notice

Here is the sample notice from Reg. B Appendix C, Form C-9:

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.

The CFPB's Commentary to Reg. B allows creditors to design their own form, add to, or modify the model form to reflect their individual policies and procedures. For example, a credit union can add:

- 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; or
- A notice of the cost the applicant will be required to pay the creditor for the appraisal or other valuation.

Timing of notice

The rules do not define "business days" for purposes of the timing of the consumer notice. The CFPB's "Small Entity Compliance Guide" for the Reg. B appraisal rules says that the credit union can apply its own reasonable definition for the term "business day" under the Reg. B rules, and that the definition "may include counting Saturdays." For higher-priced mortgage loans, Reg. Z requires delivery of a disclosure and copies of appraisals within certain deadlines, and Reg. Z defines "business day" as any day that "the creditor's offices are open to the public for carrying on substantially all of its business functions."

If an application was *not* originally going to be secured by a first lien on a dwelling and the credit union later determines that *it will* be secured by a first lien on a dwelling, then it has three business days after determining that the change has occurred to notify the applicant about the right to receive appraisals. (This might occur, for example, when an application is for an equity loan on a dwelling, but the credit union later determines that its mortgage will be in first-lien position, since there are no other senior security interests on the dwelling.)

Delivery of notice

The credit union must “mail or deliver” the notice to the applicant. Delivery can be done electronically, if the credit union provides certain disclosures and obtains the applicant’s consent under the Electronic Signatures in Global and National Commerce Act (E-Sign Act). For details on E-SIGN, see The League’s *ii Release No. 0175*.

Providing notices when there are multiple applicants

If there is more than one applicant, the credit union may give the notice to one of them. However, if it is readily apparent that one of the applicants is the primary applicant, the notice should be given to that person. (Reg. B Comment 14(a)-1.)

Promptly share copies of appraisals & valuations

The credit union must “promptly” share copies of appraisals and other written valuations with the applicant. “Promptly” means promptly upon completion, or at least three business days before loan closing (for closed-end credit) or before account opening (for open-end credit), whichever is earlier. For example, if a loan will close on Friday, April 4, the credit union must deliver the valuation no later than Tuesday, April 1. This requirement applies whether credit is extended or denied or the application is incomplete or withdrawn.

The Reg. B appraisal rules do not define “business days” for purposes of providing copies of appraisals and other written valuations. The CFPB’s “Small Entity Compliance Guide” for the Reg. B appraisal rules says that the credit union can apply its own reasonable definition for the term “business day” under the Reg. B rules, and that the definition “may include counting Saturdays.” For higher-priced mortgage loans, Reg. Z requires delivery of a disclosure and copies of appraisals within certain deadlines, and Reg. Z defines “business day” as any day that “the creditor’s offices are open to the public for carrying on substantially all of its business functions.”

If the credit union decides it will not close a loan or open a credit line, it still has to give the applicant a copy of any appraisals and other written valuations “promptly upon completion.” If the applicant has waived that deadline, then the credit union must provide copies to the applicant 30 days after it determines the transaction will not close. (Reg. B § 1002.14(a)(1) & Comment 14(a)(1)-4(v).)

Delivery of copies

Send copies of the appraisal(s) and/or valuation(s) to the applicant’s last-known physical or electronic address. Delivery occurs three business days after the credit union mails or transmits the copies, or whenever it has evidence that the applicant received the copies. (Reg. B Comment 14(a)(1)-4(i).)

Delivery can be done electronically, if the credit union provides certain disclosures and obtains the applicant’s consent under the Electronic Signatures in Global and National Commerce Act (E-Sign Act). For details on E-SIGN, see The League’s *ii Release No. 0175*.

Providing copies when there are multiple applicants

If there is more than one applicant, the credit union may give the copies to one of them. However, if it is readily apparent that one of the applicants is the primary applicant, the copies should be given to that person. (Reg. B Comment 14(a)-1.)

“Promptly upon completion”

The “promptly upon completion” standard does not refer to a particular time period. Its application and meaning depend on the facts and circumstances, including when the credit union receives the appraisal or other written valuation and the extent of any review or revisions the credit union does after receiving it.

“Completion” of an appraisal or other written valuation occurs when the credit union gets the last version of that appraisal or other written valuation, or when it is apparent that there will be only one version.

Examples in which the “promptly upon completion” standard would be satisfied include the following (all of which assume that the applicant receives the valuation copy no later than three business days before loan closing or HELOC account opening):

- Sending a copy of an appraisal within a week of review by underwriting. (For example, 15 days after application, the credit union’s underwriting department reviews and approves an appraisal. You send a copy to the applicant one week later.)

- Not providing a copy of a draft appraisal a reviewer is revising, while providing a copy of the revised appraisal within a week of the reviewer finding it acceptable. (For example, the credit union receives a revised appraisal 45 days after application and the underwriting department approves it. You have not sent the initial appraisal to the applicant. You send the revised appraisal within a few days.)
- Sending a copy of an automated valuation model (AVM) report within a week after receiving it. (For example, the credit union receives an AVM report five days after application and treat it as complete. Twelve days after the application (a week after receiving the AVM report), you send a copy to the applicant.)

Examples of cases in which the “promptly upon completion” standard would *not* be satisfied include:

- Delaying too long after completing an appraisal or other written valuation before providing a copy. (For example, 12 days after application, the credit union receives and approves an appraisal. You wait to provide a copy to the applicant until 42 days after application.)
- Delaying providing a copy of one written valuation too long while waiting for completion of a second written valuation. (For example, the credit union receives and approves an AVM report five days after application. It orders an appraisal and the initial version of the appraisal is deficient. It takes until day 35 to get the revised appraisal. The credit union holds the AVM report and sends both the AVM and the appraisal to the applicant on day 35. While the appraisal report was provided promptly upon completion, the AVM report was not.)

Delivering multiple valuations

The rules apply to all written valuations (not just appraisals) that the credit union develops in connection with an application for covered transaction. In other words, the credit union may have to provide copies of multiple valuations/appraisals.

The credit union must send valuations promptly upon completion. If one valuation is completed, it may be possible to wait a few days for another valuation to be completed, as long as copies are provided at least three business days before closing. However, waiting for longer than a few days reduces the likelihood that delivery of the first valuation will be “prompt.”

If the credit union obtains a waiver from the applicant, it can wait until closing to provide the valuations all at once. (Reg. B Comments 14(a)(1)-4(ii), 14(a)(1)-4(iii) & 14(a)(1)-6.)

Multiple versions of valuations

The reference to providing copies of “all” appraisals and other written valuations does not refer to all *versions* of the same appraisal or other written valuation. If the credit union gets multiple versions of an appraisal or other written valuation, it has to give the applicant only the latest version. However, if the credit union gives the applicant a copy of an appraisal or other written valuation and then it gets a revised version of the same appraisal or written valuation, it must send the updated version to the applicant as well. Do not charge a fee for providing the copy of an updated valuation.

If the credit union has only one version of an appraisal or other valuation, then the copy of that version is the one it gives the applicant. (Reg. B Comment 14(a)(1).)

Waiver

An applicant may waive the timing requirement of the Reg. B appraisal rules and agree to receive copies of appraisals or other written valuations at or before loan closing or HELOC account opening, except where otherwise prohibited by law. The credit union must still deliver the copies at or before loan closing or HELOC account opening.

The credit union must get the applicant’s waiver at least three business days prior to loan closing or HELOC account opening – unless a clerical error is involved.

The applicant can give the waiver in writing or orally. For example, the credit union can get a waiver from an applicant through an e-mail, phone call, or some other means.

Where there are multiple applicants, one applicant may provide a waiver, but it must be the primary applicant where one is readily apparent. (Reg. B Comment 14(a)-1.)

When an applicant has provided a waiver and the credit union does not close the loan or open the HELOC, it must send the applicant the valuation no later than 30 days after it determines the closing will not occur.

Note that if the transaction is a higher-priced mortgage loan, the credit union must provide copies of written appraisals no later than three business days before closing. There is no waiver option for HPML appraisals, as explained in the subsection on HPMLs later in this release.

Clerical errors

To avoid interrupting transactions at the last minute, when a clerical correction is made in an appraisal or other written valuation that the credit union has already given the applicant, it can ask the applicant to waive the right to receive the revision three business days before loan closing or HELOC account opening. Ordinarily, the credit union must get the applicant's waiver at least three business days before loan closing or HELOC account opening – but that requirement does not apply if a clerical error is involved. The waiver can be oral or written.

To use this clerical error exemption, the credit union must meet five criteria:

- The revisions must be solely to correct clerical errors in that appraisal or other written valuation;
- The revisions must have no impact on the estimated value;
- The revisions must have no impact on the calculation or methodology used to derive the estimate;
- The applicant receives the revised appraisal or other written valuation at or prior to loan closing or HELOC account opening; and
- The applicant must have already received the valuation that is being corrected (pre-correction) either promptly upon completion or three business days before loan closing or HELOC account opening, whichever is earlier.

Allowed charges

The credit union cannot charge for *copies* of appraisals or other written valuations, but Reg. B allows it to charge the applicant a reasonable fee to reimburse the cost of preparing appraisals and other written valuations, unless applicable law prohibits it or otherwise restricts it. (The League is not aware of a state law that would prohibit the credit union from charging the appraisal costs to the loan applicant, other than the Wisconsin Consumer Act, described earlier in this release, which allows “appraisal fees” on covered consumer loans only if the fees will be paid to persons not related to the credit union, are reasonable in amount and are bona fide.)

Although Reg. B allows the credit union to charge the applicant a reasonable fee to reimburse the cost of preparing appraisals and other written valuations, the credit union cannot condition providing copies on payment of this fee. If the credit union gets a completed valuation, it must promptly provide it to the applicants, even if they have not paid for it. To ensure payment, the CFPB suggests two options:

- The credit union can collect payment before ordering the appraisal or other written valuation. This is subject to restrictions under the TILA-RESPA Integrated Disclosure Rule, as explained in *ii Release No. B079*. That rule says that except for a bona fide and reasonable fee for obtaining a credit history, the credit union cannot collect any fees before the consumer has received the Loan Estimate. (See The League's *ii Release No. B079* for details.)
- Alternatively, if the credit union collects payment at closing, it can also provide the copy at that time if it obtains a waiver.

The credit union may not upcharge consumers by adding fees to the cost of preparing the appraisal or other written valuations, nor can it charge for photocopying or to cover the cost of postage to mail copies of appraisals or other written valuations.

Confidential third-party information

If a third-party provider says the valuation contains proprietary information that the credit union cannot disclose to others, how can the credit union provide a copy to the applicant?

The CFPB suggests that credit union review their contracts with valuation providers to be sure that they allow the credit union to comply with these rules.

Some providers of valuations, such as government-sponsored enterprises (GSEs), have developed special forms the credit union can use to provide valuations to customers. Providing a copy on a GSE-approved form is an acceptable way to

comply with the rule. Credit unions should consult applicable GSE program guides to determine the procedures for providing consumers with copies of valuation estimates from GSEs.

Providing other information

Reg. B does not restrict the credit union's ability to communicate additional information about valuations to the applicant. For example, your credit union can choose to explain to applicants why it did not use a valuation or provide more information about the type of valuations it did use.

APPRAISALS FOR HIGHER-PRICED MORTGAGE LOANS (REG. Z §1026.35(C))

Reg. Z imposes special limits on “higher-priced mortgage loans” (HPMLs), which are in addition to all of Reg. Z's other applicable mortgage lending rules.

Under Reg. Z, an HPML means a closed-end consumer loan secured by the consumer's principal dwelling (including home purchase loans, refinancings, and home equity loans) if the APR is greater than the “Average Prime Offer Rate” for a comparable transaction (as of the date the interest rate is set) by certain margins.

If a loan is “higher-priced,” then Reg. Z imposes several restrictions on it, including two appraisal requirements. Both of the HPML appraisal rules are explained in detail (along with other HPML compliance issues) in The League's *ii Release No. B068*.

The HPML appraisal rules (and the requirements for second appraisals on “flipped” homes) do not apply to the following types of loans, even if they are HPMLs:

- Qualified mortgages.
- Loans below an annually-adjusted threshold, which is \$34,200, effective Jan. 1, 2026 (up from \$33,500 in 2025).
- Reverse mortgages.
- Bridge loans.
- Initial construction loans.
- Loans secured by boats, trailers, mobile homes, and manufactured homes (in some cases).
- “Streamlined” refinancings.

See ii Release No. B068 for details.

The following material summarizes the two HPML appraisal requirements.

Interior appraisals & copies for applicants

When the credit union originates an HPML covered by the HPML appraisal rules, it must:

- Within three business days after a credit union receives the application, disclose to the applicants that they are entitled to a free copy of any appraisal the credit union orders and can hire their own appraiser at their own expense for their own use. However, a separate notice is not required for loans where the credit union has provided a Loan Estimate, which already includes appraisal-related disclosures that satisfy the requirements of Reg. Z. In cases where the TILA-RESPA rule does not apply, a separate appraisal notice must be given. This would be needed, for example, on a HPML secured by a principal dwelling that is personal property – such as a manufactured home that is not considered real estate. For information on manufactured home lending, see The League's *ii Release No. B019*.
- Obtain a written appraisal performed by a certified or licensed appraiser in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) and Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) 12 U.S.C. 3331, and its implementing regulations. (This applies even if the NCUA appraisal rules would otherwise permit a valuation instead of a USPAP appraisal.)
- Have the appraiser visit the interior of the property and provide a written report.
- Deliver copies of appraisals to applicants no later than three business days before closing (or within 30 business days after determining that the loan will not close).

Second appraisals needed for “flipped” HPMLs

In addition to the general requirement for an interior appraisal on certain HPMLs, a second interior appraisal is required from a different certified or licensed appraiser – at the credit union’s expense – if a covered HPML is being “flipped,” meaning that it is being resold within 180 days after it was purchased by the seller, and the price the credit union’s applicant is paying is above certain price thresholds. Reg. Z §1026.35(c)(4)(i).

The credit union cannot charge the consumer for the second appraisal, which must consider certain factors, meet certain standards and include an interior visit to the property. The credit union must deliver a copy of this second appraisal to the applicant no later than three business days before closing (or within 30 business days after determining that the loan will not close).

Certain loans are exempt from this requirement, including “qualified mortgages” and loans on properties in “rural” counties. Credit unions should first determine whether an exemption applies before investing the time and effort of analyzing an HPML to see whether the timing and the price trigger the need for a second appraisal.

Overlap of the HPML appraisal rules with the Reg. B appraisal rules

The Reg. B appraisal rules overlap with the rules on providing copies of appraisals for HPMLs.

For example, the HPML rules require credit unions to disclose to consumers within three business days after receiving the consumers’ applications that they are entitled to a free copy of any appraisal the creditor orders and also can hire their own appraiser at their own expense for their own use. If a loan is also covered by both rules, the credit union can use the disclosure required by the Reg. B rules to satisfy the requirements of the HPML rules. (As explained previously in this release, a separate notice is not required for loans where the credit union has provided a Loan Estimate, which already includes appraisal-related disclosures that satisfy the requirements of both Reg. Z and Reg. B.)

There are several differences between the types of loans that may be covered by the HPML appraisal rules and by the Reg. B appraisal rules. For example:

- The Reg. B rules do not apply to subordinate liens, but the HPML rules do. When credit unions update their disclosures for Reg. B, they should also update disclosures for subordinate-lien HPMLs.
- The Reg. B rules cover any transactions secured by a dwelling for any purpose, but the HPML rules apply only when the covered loan is for a consumer purpose and is secured by a principal dwelling.
- The Reg. B rules do not exempt any types of transactions secured by a first lien on a dwelling, but the HPML rules exempt several types of transactions.

In addition, some of the requirements of the HPML rules are different, requiring the credit union to:

- Perform interior-inspection appraisals that comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Financial Institutions Reform Recovery and Enforcement Act (FIRREA).
- Provide free copies of the appraisals.
- Make disclosures at application when the credit union originates certain higher-priced mortgage loans.

Finally, the timing requirements for delivering appraisal copies and the rules on waiver are different.

When both rules apply, follow the rule that provides the earlier deadline for delivering appraisal copies and remember that waiver is not an option under the HPML appraisal rules. Also, when both rules apply and there are multiple applicants, follow the Reg. B rules for delivering the disclosure and valuation copies to the primary applicant when one is apparent.

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League publications are designed to provide accurate information with regard to the subject matter covered, with the understanding that the League does not render legal services. If you have general questions regarding this release, please call The League at (608) 640-4050 if local; or (800) 242-0833. For specific legal advice, please consult your credit union’s attorney.

Legal Affairs Department

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