

November 11, 2022

Vol. XXXIV, No. 23

SPECIAL APPRAISAL REQUIREMENTS FOR HIGHER-PRICED MORTGAGE LOANS

The Board of Governors of the Federal Reserve System has announced the annual adjustment of the dollar amount used to determine whether a small loan is exempt from the special appraisal requirements that apply to higher-priced mortgage loans.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 amended the Truth in Lending Act to require creditors to obtain a written appraisal based on a physical visit of the home's interior before making a higher-priced mortgage loan. The rules implementing this requirement contain an exemption for loans of \$25,000 or less and also provide that the exemption threshold will be adjusted annually based on the annual percentage change reflected in the Consumer Price Index.

The exemption threshold will increase from \$28,500 to \$31,000, effective January 1, 2023, based on the annual percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers as of June 1, 2022.

The foregoing Compliance Update is for informational purposes only and does not constitute legal advice. As a reminder, the NBA general counsel is the attorney for the Nebraska Bankers Association, not its member banks. The general counsel is available to assist members with finding resources to help answer their questions. However, for specific legal advice about specific situations, members must consult and retain their own attorney.