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Agencies Issue Proposed Interagency Guidance on Real Estate Appraisal Reconsiderations of Value



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Last week, the Office of the Comptroller of the Currency (“OCC”), Federal Reserve Board (“FRB”), Federal Deposit Insurance Corporation (“FDIC”), the National Credit Union Administration (“NCUA”), and the Consumer Financial Protection Bureau (“CFPB”) (collectively, “the Agencies”) proposed [Interagency Guidance on Reconsiderations of Value of Residential Real Estate Valuations](#) (“the “Proposed Guidance”).

The Proposed Guidance is intended to help financial institutions confidently request a reconsideration of value (“ROV”) when there is reason to believe that an appraisal is deficient in some way, while also maintaining appraiser independence required by [Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989](#) (“FIRREA”). ROVs are viewed by the federal banking regulators as a potentially important tool for financial institutions to address proficiencies in collateral valuations “due to prohibited discrimination” or other kinds or errors omissions, with the goal of helping “individuals, families, and neighborhoods [to build] wealth through homeownership [and] accessing accumulated equity” and to support the homebuying and refinancing process for all borrowers. To this end, the Proposed Guidance includes examples of policies and procedures that financial institutions may want to incorporate to address and mitigate valuation discrimination risks.

The comment period will close 60 days after publication in the *Federal Register*. The Agencies particularly request comment on the following four questions:

1. To what extent does the proposed guidance describe suitable considerations for a financial institution to take into account in assessing and potentially modifying its current policies and procedures for addressing ROVs?

- a. What, if any, additional examples of policies and procedures related to ROVs should be included in the guidance?
 - b. Which, if any, of the policies and procedures described in the proposed guidance could present challenges?
 2. What model forms, or model policies and procedures, if any, related to ROVs would be helpful for the agencies to recommend?
 3. What other guidance may be helpful to financial institutions regarding the development of ROV processes?
 4. To what extent, if any, does the proposed ROV guidance conflict, duplicate, or complement the existing Interagency Appraisal and Evaluation Guidelines or a financial institution's policies and procedures to implement those Guidelines?
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