# Appraisal ECOA Valuation Rule FAQs

## 1. What types of loans are covered by the ECOA Valuation Rule?

The rule covers applications for closed-end or open-end credit secured by a first-lien on a dwelling, including owner-occupied, investment and second home mortgages.

## 2. What is the definition of “business days” for purposes of the timing of the consumer notice and for providing copies of appraisals and other written valuations?

The ECOA Valuation Rule does not provide a definition of “business days” for purposes of the timing of the consumer notice and for providing copies of appraisals and other written valuations. Refer to Primary Capital’s first close date chart.

## 3. Is there a new disclosure required under the ECOA Valuation Rule?

Yes; when you receive an application, you have three (3) business days to notify the applicant in writing of the right to receive a copy of any appraisal or other written valuation. The language below must replace the current disclosure that states an applicant has a “right to a copy of the appraisal report”. The disclosure notice should include the following text taken from Regulation B Appendix C which states:

“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.”

Primary Capital will require a printed disclosure date on the ECOA Appraisal Disclosure (no handwritten dates) or a statement on the ECOA Appraisal Disclosure stating: “By signing below, I acknowledged receipt of a copy of this notice within three (3) business days after receipt of a completed loan application.”

## 4. What if the application was not originally going to be secured by a first lien on a dwelling, but it is later determined that it will be secured by a first lien on a dwelling?

You have three (3) business days after you determine the change has occurred to notify the applicant of the right to receive appraisals.

## 5. What is an appraisal or other written valuation?

A “valuation” is any estimate of a dwelling developed in connection with an application for credit. Including but not limited to:

1. An appraiser’s report, including the appraiser’s estimate of the property’s value or opinion of value;
2. A document prepared by a creditor’s staff that assigns value to the property;
3. A report approved by a government-sponsored enterprise (GSE) for describing to the applicant an estimate developed by the enterprise’s proprietary methodology or mechanism, including DU/LP Feedback Certificates that have a property value (including all property value changes to the feedback certificate);
4. Automated valuation model (AVM) reports (including requirements under Primary Capital's conversion of principal residence program guidelines or homes sold on trade). The rule does not appear to require that an “application for credit” be secured by the same property being purchased in the transaction;
5. Transfer appraisals;
6. PEMCO appraisals;
7. A broker price opinion (BPO) prepared by a real estate broker, agent or sale person to estimate the property’s value; and
8. Appraisal reviews that result in an alternate value.

## 6. What is not considered a valuation?

1. Property inspections that do not provide an estimate or opinion of the value of the property and are not used to develop an estimate or opinion of the value of the property.
2. Internal documents that merely re-state the estimated value of the dwelling contained in an appraisal or other written valuation being provided to the applicant (for example: an internal email that only mentions the appraisal value in the appraiser’s report to be provided to the applicant).

3. Certain GSE tools that simply suggest another valuation is excessive [Uniform Collateral Data Portal (SSR’s)].

4. Publicly available list of valuations (such as published sales prices or mortgage amounts, tax assessments, Zillow, etc.).

5. Appraisal reviews that do not include the appraiser’s estimate of the property’s value or opinion of value.

6. An appraisal review that does not itself state a different estimate of the property from the appraisal.

7. When must an appraisal or other written valuation be delivered to the applicant?

The creditor must deliver all appraisals or other written valuations including any corrections/revisions which will include clerical errors made by any party to the transaction “promptly upon completion” or at least three (3) business days prior to the closing date, whichever is earlier. All appraisals or other written valuations ordered by Primary Capital’s Valuation Department will be delivered to the applicant “promptly” upon receipt from the appraiser or from other sources, which most of the time have not been reviewed or accepted by the underwriter. Primary Capital will send all corrections/revisions requested through Primary Capital’s Valuation Department, including clerical, to the applicant.

“Promptly” means promptly upon completion, or at least three (3) business days prior to the closing date, whichever is earlier. For example, if a loan will close on Friday, April 4th, the appraisal or other written valuation must be delivered no later than Tuesday, April 1st, unless an executed waiver has been obtained at least three (3) business days prior to the closing date.

For applicants who have signed and dated a waiver to waive their right to receive the required copies at least three (3) business days prior to the closing date, Primary Capital will provide the last version of the appraisal or other written valuation at closing.

8. How must an appraisal or other written valuation be delivered to the applicant?

Copies of the appraisal or other written valuation, including any attachment or exhibits that are part of the valuation, must be sent to the applicant’s last-known physical or electronic address “promptly upon completion” or at least three (3) business days prior to closing, whichever is earlier, or unless an executed waiver has been obtained at least three (3) business days prior to the closing date. For electronic delivery, the lender must obtain the applicant’s consent under the Electronic Signatures in Global and National Commerce Act (E-Sign Act) requirements (emailing is not E-Sign compliant). You can find information about the E-Sign Act at http://www.fdic.gov/regulations/compliance/manual/pdf/X-3.1.pdf

9. Can the appraisal or any other written valuations be hand delivered to the applicant?

No; copies must be sent to the applicant’s last known physical or electronic address. Primary Capital will not accept a face-to-face acknowledgement or an email with a PDF attachment as proof of delivery to the borrower.

10. Does a creditor have to provide a copy of the appraisal as well as other written valuations, even if appraisal or other written valuation is not used or used only for a limited purpose?

Yes; a copy must be provided to the applicant.

11. Does the appraisal or other written valuation need to be given to all applicants?

If there is more than one applicant, the creditor may give copies of the appraisal or other written valuation to one (1) applicant. However, if it is readily apparent that one (1) of the applicants is the primary applicant, the copies should be given to that applicant.

12. How can the mortgage loan originator or broker obtain a copy of the appraisal or other written valuation ordered through Primary Capital?

The mortgage loan originator, broker, and team will receive an email from Primary Capital’s Valuation Department indicating the appraisal or other written valuation has been uploaded to the appraisal BlitzDocs folder for review. The appraisal will not be emailed to the mortgage loan originator, broker or team.
13. Can the lender charge for copies of appraisals or other written valuations?

No; a creditor cannot charge the applicant for photocopying or to cover the cost of postage to mail copies of appraisals or other written valuations it provides; however, the creditor can charge a reasonable fee to reimburse the cost of the appraisal or other written valuation if not otherwise prohibited by law. You may not upcharge applicants by adding fees to the cost of preparing the appraisal or other written valuations.

14. What is the earliest closing date for an appraisal or other written valuation?

The earliest closing date is based on the latest delivery date, including any corrections and revisions of the appraisal or other written valuation. Refer to number 19 regarding clerical corrections.

<table>
<thead>
<tr>
<th>Disclosure Type</th>
<th>Loan Type</th>
<th>Earliest Closing Date Without a Waiver</th>
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<tbody>
<tr>
<td>Appraisal or other written valuations</td>
<td>All loan program types</td>
<td>E-Consent Delivery: Upon ordering an appraisal or other written valuation and providing an applicant’s email address, Primary Capital’s Valuation Department will deliver “all” appraisals or other written valuation through the Mercury Network directly to the applicant, unless an executed waiver has been provided. Within three (3) business days (exclude Sundays and legal holidays) the applicant should acknowledge receipt of the e-consent and download the appraisal, plus the applicant will be given three (3) business days (excluding Sundays and legal holidays) to review. The three (3) business day period begins on the day of receipt of the appraisal or other written valuation. Saturday is included for purposes of counting the three-day period. Sundays and legal holidays are not included for counting the three-day period.</td>
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For example, in a non-waiver situation, the appraisal or other written valuation was sent through Mercury’s E-Consent delivery system on Monday March 31 and the applicant acknowledged and downloaded the appraisal on Tuesday April 1, the first close date is Friday April 5 unless corrections or revisions are requested by Primary Capital. Refer to number 19 regarding clerical corrections.

For example, in a non-waiver situation, the appraisal or other written valuation was sent through Mercury’s E-Consent delivery system on Thursday April 3 and the applicant acknowledged and downloaded the appraisal on Saturday April 5, the first close date is Wednesday April 9 unless corrections or revisions are requested by Primary Capital. Refer to number 19 regarding clerical corrections.

US Mail Delivery: If a borrower’s email address and an executed waiver was not provided or the applicant did not acknowledge electronically and download the appraisal or other written valuation within the delivery timeframe allowed, the appraisal or other written valuation will be mailed. All mailed appraisals or other written valuation are considered received three (3) business days (exclude Sundays and legal holidays), plus the applicant will be given three (3) business days (exclude Sundays and legal holidays) to review.

For example, the appraisal or other written valuation was mailed on Monday March 31, the first close date is Saturday April 5 but since we are closed, the first close date would be Monday April 7 unless corrections or revisions are requested by Primary Capital. Refer to number 19 regarding clerical corrections.

For example, the appraisal or other written valuation was mailed on Thursday April 3, the first close date is Wednesday April 9 unless corrections or revisions, are requested by Primary Capital. Refer to number 19 regarding clerical corrections.

15. Can an applicant waive their timing receipt of an appraisal and other written valuations?

Yes; if there are multiple applicants, one (1) applicant may waive the timing requirement of the ECOA Valuation Rule, but it must be the primary applicant if one (1) is readily apparent. The primary applicant may agree to receive copies of an appraisal and other written valuations at or before closing, except where prohibited by law. The waiver must be obtained at least three (3) business days prior to closing unless a clerical error is involved. Refer to number 19 regarding clerical corrections.

16. Can an applicant waive their right to receive an appraisal or other written valuation prior to or at closing?

No; the applicant can only waive their three (3) business day timing requirement. The appraisal must be provided no later than closing no matter what the circumstance may be.

17. When must an appraisal waiver be obtained?
Primary Capital desires to avoid any potential closing delays due to the timing and delivery requirements set forth in the ECOA Valuation Rule. Because of the timing and delivery requirements, Primary Capital is encouraging each mortgage loan originator to explain the timing and delivery requirements of the ECOA Valuation Rule to each borrower and ask them to make an informed choice as to whether or not they wish to waive the timing requirement of receipt of their appraisal at initial application.

Primary Capital requires that all initial loan submissions that contain a subject property address contain a dated and signed Primary Capital Appraisal/Valuation Acknowledgement with Waiver Option at loan submission. The document must be given to the primary applicant if one is readily apparent. The document must contain the following to be accepted by Primary Capital:

The ECOA Valuation Rule requires that: “The creditor shall ensure that the borrower is provided a copy of any appraisal report or other written valuation developed in connection with the borrower’s application for credit “promptly” upon completion and acceptance at no additional cost to the borrower, and in any event no less than three (3) business days prior to the closing date, whichever is earlier”. However, the borrower has the right to waive their right to review any appraisal or other written valuation within three (3) business days prior to the closing date and agree to receive copies of any appraisal or other written valuation at or prior to closing, except where otherwise prohibited by law. By the borrower waiving their right, the borrower is not relinquishing their right to receive a copy of any appraisal or other written valuation. A copy of any appraisal or other written valuation will be provided at or prior to closing for borrowers that waive their timing requirement.

ACKNOWLEDGEMENT OF RECEIPT
Please check one the options below.

☐ I/We hereby acknowledge receipt of this Appraisal Independence Acknowledgement Disclosure with Waiver Option and understand my/our right to a copy of any appraisal or other written valuation. By checking this box and signing below, I/we acknowledge and agree to waive receipt of a copy of my/our appraisal or other written valuation within three (3) business days prior to the closing date in order to close my/our loan as scheduled. I/we understand I/we will receive any appraisal or other written valuation at or prior to closing.

☐ I/We hereby acknowledge receipt of this Appraisal Independence Acknowledgement Disclosure with Waiver Option and understand my/our right to a copy of any appraisal or other written valuation. By checking this box and signing below, I/we do not choose to waive my/our right to a copy of any appraisal or other written valuation within three (3) business days prior to the closing date. In the unlikely event that the creditor is unable to deliver a copy of any appraisal or other written valuation to you three (3) business days prior to your closing, your closing date will be postponed and a new closing date will be scheduled.

In some cases, an appraisal or other written valuation may not be required to approve your mortgage; if that is the case, the creditor will not provide a copy of any appraisal or other written valuation. The “Appraisal Independence Acknowledgement Disclosure with Waiver Option” document is provided at http://www.pcmexpress.com.

18. Is an Appraisal Acknowledgment Disclosure with Waiver Option required on DU refinance plus or LP Relief refinance?

Yes; these programs typically do not have an appraisal or valuation; however, there may be that off chance that a value is returned on the DU/LP findings and/or an appraisal would be required. Refer to number 17 above.

19. What happens if there is a clerical error in an appraisal or other written valuation and the applicant did not waive their right to receive the appraisal or other written valuation at least three (3) business days prior to the closing date?

To avoid interrupting transactions at the last minute when a clerical correction is made in an appraisal or other written valuation that has already been given to the applicant, Primary Capital will allow the applicant to waive the right to receive the revision three (3) business days before closing. To use this exemption five (5) criteria must be met and will be determined by the underwriter:

1. The revisions must be solely to correct clerical errors in the appraisal or other written valuation.
2. The revisions must have no impact on the estimated value.
3. The revisions must have no impact on the calculation or methodology used to derive the estimate.
4. The applicant receives the revised appraisal or other written valuation at or prior to consummation.
5. The applicant must have already received the valuation that is being corrected (pre-correction) either “promptly” upon completion or at least three (3) business days before consummation or account opening, whichever is earlier.

If all five (5) criteria are met, the underwriter will condition for PCM’s “Clerical Revision Waiver” to be signed at or prior closing and a copy of the clerical corrected appraisal be provided at closing.

The “Clerical Revision Waiver” will contain the following:

I/We acknowledge receipt of our appraisal (pre-correction) or other written valuation promptly upon completion or at least three (3) business days before closing, whichever is earlier. I/We have been informed that a clerical correction was made to the appraisal or other written valuation. I/We have elected not to delay the closing date, and I/We have waived the right to receive the clerical revision three (3) business days prior to closing. In order to use this exemption, I/We understand that the appraisal or other written valuation meets these five (5) criteria under the ECOA Valuation Rule 1002.14(a)(1):

1. The revisions must be solely to correct clerical errors in the appraisal or other written valuation.
2. The revisions must have no impact on the estimated value.
3. The revisions must have no impact on the calculation or methodology used to derive the estimate.
4. The applicant receives the revised appraisal or other written valuation at or prior to consummation or account opening.
5. The applicant must have already received the valuation that is being corrected (pre-correction) either promptly upon completion or three (3) business days before consummation or account opening, whichever is earlier.

By signing below, I/We acknowledge receipt of the revised appraisal at closing.
The “Clerical Revision Waiver” is provided at http://www.pcmexpress.com.

20. Is the applicant required to sign an Appraisal/Valuation Acknowledgement at the closing?

Yes; Primary Capital requires an Appraisal/Valuation Acknowledgement to be signed at closing. The document will contain the following:

You are entitled to receive a copy of any appraisal report or valuation (“Valuation Report”) developed in connection with your application for credit at least three (3) business days prior to your closing date. A copy of each Valuation Report developed in connection with your credit application should have been delivered to you at least three (3) or more business days prior to the closing date.

If you wish to proceed with your closing, your signature will acknowledge either:

(1) Your receipt of each Valuation Report three (3) or more business days prior to your loan closing, or,

(2) That you previously waived your right to receive a copy of any Valuation Report developed in connection with your credit application three (3) or more business days prior to the closing date. A copy of the appraisal or valuation was provided to you at closing.

21. What if the loan does not close?

If it is determined that the loan will not close (i.e. incomplete, withdrawal or denied loans), the applicant must still be given a copy of the appraisal and other written valuations “promptly” upon completion. If the applicant has waived their timing requirement, Primary Capital is required to provide copies of the appraisal and other written valuations no later than thirty (30) calendar days after determining the closing will not occur.

22. Do Correspondent Lenders have to comply with the Valuation Rule?

Yes; Correspondent Lender’s should comply with the ECOA Valuation Rule even if not covered in these FAQ’s. Primary Capital is not dictating exactly how the Correspondent Lender should comply, only making sure that the Correspondent Lender does comply. Primary Capital requires the following from Correspondent Lender’s in regards to the ECOA Valuation Rule, in order to purchase the loan.

1. ECOA Appraisal Disclosure - Primary Capital will condition for proof that the applicant was notified in writing within three (3) business days of an application of the applicant’s right to receive a copy of any appraisal or
other written valuation. The language below must replace the current disclosure that states an applicant has a “right to a copy of the appraisal report”. The lender’s disclosure notice should include the following text taken from Regulation B, Appendix C, which states:

“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”.

Primary Capital will require a printed disclosure date on the ECOA Appraisal Disclosure (no handwritten dates) or a statement on the ECOA Appraisal Disclosure stating: “By signing below, I acknowledge receipt of a copy of this notice within three (3) business days after receipt of a completed loan application.

2. **Waiver of the ECOA Timing Requirement** - If there are multiple applicants, one (1) applicant may waive the timing requirement of the ECOA Valuations Rule, but it must be the primary applicant if one (1) is readily apparent. The primary applicant may agree to receive copies of an appraisal and other written valuations at or before closing, except where prohibited by law. The waiver must be obtained at least three (3) business days prior to closing unless a clerical error is involved.

Primary Capital requires all initial loan submissions, that contain a subject property address, contain a dated and signed Appraisal/Valuation Acknowledgement with Waiver Option at loan submission. The document must be given to the primary applicant if one (1) is readily apparent. The Appraisal/Valuation Acknowledgement with Waiver Option must contain boxes for the applicant to check or initial lines for the applicant to initial for both of the options below. Primary Capital will be looking for these items to ensure the Appraisal/Valuation Acknowledgement with Waiver Option complies with the ECOA Valuation Rule.

- An option for the applicant(s) to waive their right to a copy of any appraisal or other written valuation within three (3) days prior to the closing date. The document must explain to the applicant that by waiving their right, the applicant is not relinquishing their right to receive a copy of any appraisal or other written valuation. The document must explain that a copy of the appraisal or other written valuation will be provided at or prior to closing.
- An option for the applicant to not waive their right to a copy of any appraisal or other written valuation within three (3) business days prior to the closing date. The document must explain that in the unlikely event that the lender is unable to deliver a copy of any appraisal or other written valuation to the applicant three (3) business days prior to the applicant’s closing, the applicant’s closing date will be postponed and a new closing date will be scheduled.


3. **Proof of Appraisal Delivery Without Waiver** - If the appraisal or other written valuation was not ordered through Primary Capital’s Valuation Department, the underwriter will condition for proof of delivery of any appraisals or other written valuations, including any corrections/revisions and clerical errors made by any party to the transaction, to the applicant.

The ECOA Valuation Rule states copies of any appraisal or other written valuation, including any attachment or exhibits that are part of the valuation, must be sent to the applicant’s last-known physical or electronic address “promptly” upon completion or at least three (3) business days prior to the closing date, whichever is earlier. For electronic delivery, the lender must obtain the applicant’s consent under the Electronic Signatures in Global and National Commerce Act (E-Sign Act) requirements (emailing is not E-Sign compliant). You can find information about the E-Sign Act at [http://www.fdic.gov/regulations/compliance/manual/pdf/X-3.1pdf](http://www.fdic.gov/regulations/compliance/manual/pdf/X-3.1pdf)

The proof of delivery must be an Electronic Disclosure and Consent Agreement (see number 4 below) or the E-Consent download confirmation or a copy of the entire envelope showing the applicant’s name and address that the appraisal was mailed to and the postage date of when the appraisal was mailed. Primary Capital will not accept a face-to-face acknowledgement or an email with a PDF attachment as proof of delivery to the borrower.
4. Can an Electronic Disclosure and Consent Agreement be used by a Correspondent Lender (approved to order their own appraisals) to allow documents to be delivered via standard email to a consumer? Yes; an executed Electronic Disclosure and Consent Agreement on the Correspondents letterhead can be used. The Electronic Disclosure and Consent Agreement must comply with the requirements of the E-Sign Act regarding (1) Access, (2) Updated Email Account, (3) Paper Copies, (4) Withdrawing Consent, (5) Reservation of Rights and (6) Verification. Primary Capital will also require an executed Acknowledgement of Receipt of Appraisal by the applicant.

5. Proof of Appraisal Delivery With Waiver - If a waiver is obtained from the applicant at least three (3) business days prior to the closing date, the appraisal and other written valuations may be given at closing. In this case, Primary Capital will condition for a copy of the waiver dated at least three (3) business days prior to the closing date.

6. Appraisal Clerical Errors - To avoid interrupting transactions at the last minute, when a clerical correction is made in an appraisal or other written valuation that has already been given to the applicant, a Correspondent Lender may allow the applicant to waive the right to receive the revision three (3) business days before closing. In order to use this exemption, all five (5) criteria must be met and will be determined by the underwriter for loans underwritten by Primary Capital.
   - The revisions must be solely to correct clerical errors in the 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 consummation.
   - The applicant must have already received the valuation that is being corrected (pre-correction) either promptly upon completion or three (3) business days before consummation or account opening, whichever is earlier.

If all five (5) criteria are met, the underwriter will condition for proof a “Clerical Revision Waiver” was signed at or prior to closing. A copy of the clerical corrected appraisal must be provided at closing and to the underwriter. The “Clerical Revision Waiver” must contain the following:
   a. An acknowledgement of receipt from the applicant that the pre-corrected appraisal or other written valuation was provided promptly upon completion or at least three (3) business days before closing, whichever is earlier.
   b. A statement that the applicant was informed that a clerical correction was made to the appraisal or other written valuation.
   c. A statement that the applicant elected not to delay the closing date and has waived the right to receive the clerical revision three (3) business days prior to closing.
   d. A statement that the applicant understands in order to use this exemption the appraisal or other written valuation meets these five (5) criteria under the ECOA Valuation Rule 1002.14(a)(1):
      - The revisions must be solely to correct clerical errors in the 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 consummation.
      - The applicant must have already received the valuation that is being corrected (pre-correction) either promptly upon completion or three (3) business days before consummation or account opening, whichever is earlier.

The “Clerical Revision Waiver” is provided at [http://www.pcmexpress.com](http://www.pcmexpress.com).

7. Appraisal/Valuation Acknowledgement at Closing Primary Capital requires an Appraisal/Valuation Acknowledgement to be signed at closing on all loans. The document must contain the following:

You are entitled to receive a copy of any appraisal report or other written valuation developed in connection with your application for credit at least three (3) business days prior to your closing date. A copy of each appraisal report or other written valuation developed in connection with your credit application should have been delivered to you at least three (3) or more business days prior to the closing date allowing you to review.

If you wish to proceed with your closing, your signature will acknowledge either:
(1) Your receipt of each Valuation Report three (3) or more business days prior to your loan closing, or, alternatively,

(2) That you previously had waived your right to receive a copy of the appraisal or other written valuation developed in connection with your credit application three or more business days prior to the closing date and you have received a copy of the appraisal or other written valuation at the closing.

8. **Updated Appraiser Independence Compliance Correspondent Certification** The underwriter will also condition for this updated form on all Correspondent Lenders that are approved to order their own appraisals. This updated form is provided at [http://www.pcmexpress.com](http://www.pcmexpress.com).

9. **Correspondent Lender Receiving an Appraisal** For any appraisal or other written valuation ordered through Primary Capital’s Valuation Department, the Correspondent Lender will receive an email from Primary Capital’s Valuation Department indicating the appraisal or other written valuation has been uploaded to the appraisal Bliz Docs folder for your review. The appraisal will not be emailed to the Correspondent Lender or team.