



Higher-Priced Mortgage Loans Appraisal Rule- (HPML Appraisal Rule) -Effective 1/18/14

- 1) Rule applies to Non-Qualified Mortgages that are higher-priced, first and subordinate lien closed-end loans secured by the consumer's principal dwelling.
- 2) If the loan is a "Qualified Mortgage", the HPML Appraisal Rule does not apply.
- 3) The HPML Appraisal Rule also does not apply to loans for initial construction of a dwelling.
- 4) A mortgage is "Higher-Priced" if:
 - For a first-lien mortgage, the APR exceeds the APOR by 1.5% or more;
 - For a subordinate-lien, the APR exceeds the APOR by 3.5% or more;
 - For a first-lien jumbo loan, the APR exceeds the APOR by 2.5% or more.
- 5) The APOR calculator is found at www.ffiec.gov/ratespread
- 6) If the HPML Appraisal rule applies, the lender must disclose to applicant within 3 business days of application that they are entitled to a free copy of the appraisal.
- 7) The lender must obtain a written appraisal performed by certified or licensed appraiser.

- 8) The appraiser must visit the interior of the property and provide written report.
- 9) The lender must deliver free copies of appraisals to applicants at least 3 business days before closing.
- 10) If the transaction is a “flip” (seller resells the dwelling within 180 days of their purchase) at more than 20% price increase, lender must obtain an additional appraisal at lender’s expense.