**Supporting Statement for the
Recordkeeping and Disclosure Requirements and Provisions
Associated with Real Estate Appraisal Standards
(FR Y-30; OMB No. 7100-0250)**

*Quality Control Standards for Automated Valuation Models
(Docket No. R-1807) (RIN 7100-AG60)*

Summary

The Board of Governors of the Federal Reserve System (Board), under authority delegated by the Office of Management and Budget (OMB), has extended for three years, with revision, the Recordkeeping and Disclosure Requirements and Provisions Associated with Real Estate Appraisal Standards (FR Y-30; OMB No. 7100-0250). Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (12 U.S.C. § 3331 et seq.) requires that, for federally related transactions,[1] regulated institutions obtain real estate appraisals performed by certified or licensed appraisers in conformance with uniform appraisal standards.[2] The Board's regulations implementing Title XI of FIRREA, contained in the Board's Regulation Y - Bank Holding Companies and Change in Bank Control (12 CFR Part 225), include certain recordkeeping requirements that apply to state member banks (SMBs), bank holding companies (BHC), and nonbank subsidiaries of BHCs that extend mortgage credit (together, institutions). The Board and other supervisory agencies also have issued Interagency Appraisal and Evaluation Guidelines (the Guidelines) that convey supervisory expectations relating to real estate appraisals and evaluations used to support real estate-related financial transactions.[3] These Guidelines recommend that institutions adopt certain policies and procedures to ensure compliance with Title XI of FIRREA and Regulation Y.

The Board, OCC, FDIC, NCUA, Consumer Financial Protection Bureau (CFPB), and Federal Housing Finance Agency (FHFA) adopted a final rule[4] to implement the quality control standards mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) for the use of automated valuation models (AVMs) by mortgage originators and secondary market issuers in determining the collateral worth of a mortgage secured by a consumer's principal dwelling. Under the final rule, institutions that engage in certain credit decisions or securitization determinations must adopt policies, practices, procedures, and control systems to ensure that AVMs used in these transactions to determine the value of mortgage

[1] A "federally related transaction" means any real estate-related financial transaction which (1) a federal financial institutions regulatory agency or the Resolution Trust Corporation engages in, contracts for, or regulates, and (2) requires the services of an appraiser. 12 U.S.C. § 3350(4). The term "real estate-related financial transaction" means any transaction involving (1) the sale, lease, purchase, investment in or exchange of real property, including interests in property, or the financing thereof, (2) the refinancing of real property or interests in real property, and (3) the use of real property or interests in property as security for a loan or investment, including mortgage-backed securities. 12 U.S.C. § 3350(5).

[2] The federal financial institutions regulatory agencies that have issued these regulations consist of the Board, Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC), and National Credit Union Administration (NCUA) (together, the agencies). See 12 U.S.C. § 3350(6).

[3] SR 10-16, available at https://www.federalreserve.gov/boarddocs/srletters/2010/sr1016.htm.

[4] 89 FR 64538 (August 7, 2024).

collateral adhere to quality control standards designed to ensure a high level of confidence in the estimates produced by AVMs; protect against the manipulation of data; seek to avoid conflicts of interest; require random sample testing and reviews; and comply with applicable nondiscrimination laws. As a result, the final rule created new recordkeeping requirements. The final rule is effective October 1, 2025.

The current estimated total annual burden for the FR Y-30 is 183,654 hours, and would increase to 298,876 hours. The revisions would result in an increase of 115,222 hours.

Background and Justification

Title XI of FIRREA directs the federal financial institution regulatory agencies to publish appraisal rules for federally related transactions within the jurisdiction of each agency.[5] The Board has implemented this requirement in Regulation Y, Subpart G (12 CFR 225.61 - 225.67).[6] Regulation Y (1) identifies which real estate-related financial transactions require the services of an appraiser, (2) prescribes which categories of federally related transactions shall be appraised by a State certified appraiser and which by a State licensed appraiser, and (3) prescribes minimum standards for the performance of real estate appraisals in connection with federally related transactions under the jurisdiction of the Board. In addition, as mandated by Title XI, Regulation Y requires that all such appraisals be written and that they conform to the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation.

The Guidelines clarify the agencies' real estate appraisal regulations and provide institutions and examiners with supervisory guidance for a prudent appraisal and evaluation program. Specifically, the guidelines address appraisal independence, minimum appraisal standards, and institutions' policies and procedures for conducting and monitoring appraisals, evaluations, and related activities; explain what transactions require appraisals and elaborate on the agencies' expectations for the development and content of an evaluation; and discuss third-party arrangements, compliance programs, and referrals.

Description of Information Collection

Recordkeeping Requirements and Provisions

For federally related transactions, Regulation Y requires institutions to use appraisals prepared in accordance with minimum appraisal standards in the regulation, including the USPAP. Generally, these standards prescribe the requirements for analyzing the value of real property as well as the requirements for reporting such analysis and a value conclusion. Appraisals must be written and contain sufficient information and analysis to support the

[5] See 12 U.S.C. § 3339.
[6] 12 CFR Part 225, Subpart G. The Board's Regulation H also notes that the standards applicable to appraisals rendered in connection with Federally related transactions entered into by state member banks are set forth in 12 CFR Part 208, Subpart E. Previous versions of this information collection have referenced sections 208.50-208.51 of Regulation H as setting forth the relevant standards for SMBs. In the interest of simplicity and accuracy, this information collection now refers to Regulation Y as the source of the relevant appraisal standards for all respondents.

institution’s decision to engage in the transaction and must be subject to appropriate review for compliance with the USPAP.[7]

Under the Guidelines, an institution’s board of directors or its designated committee is responsible for adopting, reviewing, and maintaining policies and procedures that establish an effective real estate appraisal and evaluation program. An institution’s collateral valuation program should establish criteria to select, evaluate, and monitor the performance of appraisers and persons who perform evaluations. In addition, the Guidelines explain that an institution should establish policies and procedures for determining when to obtain an appraisal. When an evaluation is used instead of an appraisal, the Guidelines provide that the evaluation’s content should be documented in the credit file or reproducible. Furthermore, under the guidelines, an institution should establish policies and procedures for determining an appropriate collateral valuation method for a given transaction considering associated risks and should establish criteria for assessing whether an existing appraisal or evaluation continues to reflect the market value of the property. An institution should have internal controls for identifying, monitoring, and managing the risks associated with the appraisal and evaluation program and using third-party arrangements for valuation services.

Records of appraisals or evaluations or other documentation pertaining to the institutions’ monitoring or updating of property values should be kept in the credit file for the life of the loan. This retention period enables Board supervisors to monitor compliance with Regulation Y. These records can be either paper or electronic records.

Disclosure Provisions

The Guidelines state that an institution should file a complaint with the appropriate state appraiser regulatory officials when it suspects that a state certified or licensed appraiser failed to comply with USPAP or applicable state laws, or engaged in other unethical or unprofessional conduct.

Respondent Panel

The FR Y-30 panel comprises SMBs, BHCs, and nonbank subsidiaries of BHCs.

Frequency and Time Schedule

The FR Y-30 is retained and disclosed on an event-generated basis. Bank examiners monitor compliance with the appraisal regulation during examinations and inspections of Board-regulated institutions.

Revisions to the FR Y-30

The Board, OCC, FDIC, NCUA, CFPB, and FHFA adopted a final rule to implement the quality control standards mandated by the Dodd-Frank Act for the use of AVMs by mortgage originators and secondary market issuers in determining the collateral worth of a mortgage

[7] 12 CFR 225.64(b)-(c).

secured by a consumer's principal dwelling. Section 1473(q) of the Dodd-Frank Act amended Title XI to add section 1125 relating to the use of AVMs in valuing real estate collateral securing mortgage loans. Section 1125 directs the agencies to promulgate regulations to implement quality control standards regarding AVMs.

The final rule requires supervised mortgage originators and secondary market issuers that engage in credit decisions or covered securitization determinations themselves, or through or in cooperation with a third-party or affiliate, to adopt and maintain policies, practices, procedures, and control systems to ensure that AVMs used in these transactions adhere to quality control standards designed to ensure a high level of confidence in the estimates produced, protect against the manipulation of data, seek to avoid conflicts of interest, require random sample testing and reviews, and comply with applicable nondiscrimination laws.

The quality control standards in the final rule are applicable only to covered AVMs, which are AVMs as defined in the final rule. The final rule requires the regulated mortgage originators and secondary market issuers to adopt policies, practices, procedures, and control systems to ensure that AVMs adhere to the specified quality control standards whenever they use covered AVMs while engaging in certain credit decisions or covered securitization determinations.

As a result, the final rule creates new recordkeeping requirements in connection with adopting and maintaining policies, practices, procedures, and control systems. In addition to accounting for the Paperwork Reduction Act (PRA) burden incurred as a result of the final rule, the agencies also updated and aligned their information collections with respect to the estimated burden hours associated with the Appraisal Guidelines.

Public Availability of Data

There are no data related to this information collection available to the public.

Legal Status

The FR Y-30 is authorized pursuant to Title XI of FIRREA (12 U.S.C. § 3339). The Board also has the authority to require reports from BHCs (12 U.S.C. § 1844(c)) and SMBs (12 U.S.C. §§ 248(a) and 324). Title XI of FIRREA and Regulation Y require that all appraisals be written and that they conform to the USPAP, which is promulgated by the Appraisal Standards Board of the Appraisal Foundation.[8] Therefore, compliance with the provisions of Regulation Y that implement these requirements is mandatory. The recordkeeping provisions contained in the Guidelines, which are nonbinding, are voluntary.

Because FR Y-30 records would be maintained at each banking organization, the Freedom of Information Act (FOIA) would be implicated only if the Board obtained such records as part of the examination or supervision of a banking organization. In the event the records are obtained by the Board as part of an examination or supervision of a financial institution, this information would be protected from disclosure under FOIA exemption 8, which

[8] See 12 U.S.C. § 3339; 12 CFR 225.64.

protects information contained in “examination, operating, or condition reports” obtained in the bank supervisory process (5 U.S.C. § 552(b)(8)). Information retained pursuant to the recordkeeping requirements under the FR Y-30 may also be exempt from disclosure pursuant to FOIA exemption 4, if it is nonpublic commercial or financial information which is both customarily and actually treated as private by the respondent (5 U.S.C. § 552(b)(4)).

Consultation Outside of the Agency

The Board consulted with the OCC, FDIC, NCUA, CFPB, and FHFA on the final rule and the new recordkeeping requirements.

Public Comments

On June 21, 2023, the agencies published a notice of proposed rulemaking in the *Federal Register* (88 FR 40638) requesting public comment for 60 days on the extension, with revision, of the FR Y-30. The comment period for this notice expired on August 21, 2023. The agencies received three comments on estimated labor hours and costs for the information collection requirements of the proposed rule. One commenter stated that the agencies’ estimate of the labor hours associated with recordkeeping by covered entities in years following implementation may be appropriate for documentation of policies and procedures, but suggested that the proposed rule underestimated other regulatory burdens associated with ongoing compliance. Another commenter stated that the agencies’ estimate of labor hours associated with recordkeeping by covered entities seemed relatively low given the effort needed to establish control systems. Finally, one commenter stated that incorporating principles-based guidelines regarding AVMs is not costly or time consuming.

The agencies have carefully reviewed burdens associated with recordkeeping and disclosure for each section of the rule in consideration of the comments received. The agencies note that, consistent with the PRA, the PRA burden estimates reflect only the burden related to recordkeeping and disclosure requirements in the final rule. PRA burdens, like compliance costs, may vary across institutions, and the agencies’ PRA burden estimates are meant to be overall averages. The agencies believe the estimates of burden hours are reasonable considering the recordkeeping requirements of the final rule. The Board adopted the extension, with revision, of the FR Y-30 as originally proposed. On August 7, 2024, the agencies published a final rule in the *Federal Register* (89 FR 64538).

Estimate of Respondent Burden

As shown in the table below, the estimated total annual burden for the FR Y-30 is 183,654 hours, and would increase to 298,876 with the revisions. The agencies estimate that the new recordkeeping burden associated with the final rule would result in an implementation burden of 40 hours per response and an ongoing burden of 5 hours per response. The agencies also updated and aligned their information collections with respect to the burden hours associated with the Guidelines. This would result in a burden of 10 hours per response for recordkeeping and 5 hours per response for disclosure. These recordkeeping and disclosure requirements and provisions represent approximately 4.38 percent of the Board's total paperwork burden.

FR Y-30	*Estimated number of respondents*[9]	*Estimated annual frequency*	*Estimated average hours per response*	*Estimated annual burden hours*
Current				
Recordkeeping				
SMBs				
Sections 225.61 - 225.67 and guidelines	706	498	5 minutes	29,299
Nonbank subsidiaries of BHCs				
Sections 225.61 - 225.67 and guidelines	4516	409	5 minutes	153,920
Disclosure				
SMBs				
Guidelines	706	1	5 minutes	59
Nonbank subsidiaries of BHCs				
Guidelines	4,516	1	5 minutes	376
Current Total				183,654
Proposed				
Recordkeeping				
Sections 225.61 - 225.67 for SMBs	706	498	5 minutes	29,299
Sections 225.61 - 225.67 for BHCs and nonbank subsidiaries of BHCs	4,516	409	5 minutes	153,920
Guidelines	5,222	1	10	52,220
Section 225.352 Policies and Procedures AVM rule (Initial setup)	2,036	$0.\overline{3}$	40	27,147
Section 225.352 Policies and Procedures AVM rule (Ongoing)	2,036	1	5	10,180
Disclosure				
Guidelines	5,222	1	5	26,110
Proposed Total				298,876

[9] Of these respondents, 462 SMBs, 3,281 BHCs, and 517 nonbank subsidiaries of BHCs are considered small entities as defined by the Small Business Administration (i.e., entities with less than $850 million in total assets). Size standards effective March 17, 2023. See https://www.sba.gov/document/support-table-size-standards. There are no special accommodations given to mitigate the burden on small institutions.

Change	115,222

The estimated total annual cost to the public for the FR Y-30 is $13,250,636, and would increase to $21,563,903 with the revisions.[10]

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

The estimated cost to the Federal Reserve System for collecting and processing this information collection is negligible.

[10] Total cost to the responding public is estimated using the following formula: total burden hours, multiplied by the cost of staffing, where the cost of staffing is calculated as a percent of time for each occupational group multiplied by the group's hourly rate and then summed (30% Office & Administrative Support at $24, 45% Financial Managers at $87, 15% Lawyers at $88, and 10% Chief Executives at $126). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor Statistics (BLS), *Occupational Employment and Wages, May 2024*, published April 2, 2025, https://www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Standard Occupational Classification System, https://www.bls.gov/soc/.