



Compliance Hub - Question of the Week:

Q: Can a lender order an appraisal prior to receiving intent to proceed under Reg Z? Is it a regulatory violation if a lender orders one without having received intent to proceed? When can we first charge for an appraisal?

A: Reg Z does not expressly prohibit the actual ordering of an appraisal prior to receiving intent to proceed. However, without intent to proceed, the Bank runs the risk of not being able to charge the customer for the appraisal. Reg Z does not permit the Bank to impose most fees in connection with the transaction before the consumer has provided the intent to proceed. Once the bank has received intent to proceed, it may impose the appraisal fee. Some Banks choose not to order any appraisal prior to receiving intent to proceed because if the intent to proceed is never provided, the Bank cannot charge for it. So, this is not necessarily a regulatory error unless you attempt to charge for it without receiving intent to proceed.