August 3, 2026

Via electronic submission

The Honorable Governor Michelle W. Bowman
Vice Chair for Supervision
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave NW
Washington, DC 20551

The Honorable Travis Hill
Chairman of the Board of Directors
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

The Honorable Jonathan Gould
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW.
Washington, DC 20219

RE: Implementing President Trump's Executive Order "Promoting Access to Mortgage Credit"

To Governor Bowman, Chairman Hill and Comptroller Gould,

On behalf of the undersigned organizations, we write to express our support for the policy opportunities presented by President Trump's March 13, 2026, Executive Order "Promoting Access to Mortgage Credit."[1] Pursuit of the policy goals outlined in the Executive Order, by the Office of the Comptroller of the Currency (OCC), Federal Deposit Insurance Corporation (FDIC) and Board of Governors of the Federal Reserve System (FED), has the potential "to improve the availability and affordability of mortgage credit."

To that end, we request that your organizations work to fulfill the directive of Section 6(a) of the Executive Order, which states:

> The Vice Chairman for Supervision of the Federal Reserve, the Director of the CFPB, the Chairman of the NCUA Board, the Chairperson of Board of Directors of the FDIC, the Comptroller of the Currency, and the Director of the FHFA shall consider, as appropriate and consistent with applicable law and their statutory authorities:
>
> i. modernizing appraisal regulations and guidance to expand the use of alternative valuation models, desktop and hybrid appraisals, and artificial intelligence valuation tools;

[1] Promoting Access to Mortgage Credit, White House Executive Order, Mar. 13, 2026, https://www.whitehouse.gov/presidential-actions/2026/03/promoting-access-to-mortgage-credit/.

ii. simplifying appraiser qualification requirements; and
iii. reducing appraisal requirements for low-risk transactions, including low loan-to-value refinancing and small-balance loans; and setting clear appraisal timelines.

Our organizations agree that appraisal modernization will improve the quality, efficiency, and integrity of residential property valuation, and we urge you to consider the following recommendations as you respond to the Executive Order:

Increase and Index the Residential Appraisal Exemption Threshold

Industry concerns persist about the future of appraiser availability, particularly in rural areas. To address this challenge and better align appraisal requirements with current housing market conditions, we recommend increasing the appraisal exemption threshold for 1-to-4 family residential properties from $400,000 to $625,000, while also indexing the threshold annually.[2]

The proposed $625,000 appraisal exemption threshold reflects inflation-adjusted housing price growth since September 2019 using the House Price Index. Indexing the threshold annually would avoid the need for repeated rulemakings to adjust the standard to reflect market changes.

The residential appraisal threshold for 1-to-4 single family properties increased from $250,000 to $400,000 in 2019;[3] prior amendments to the appraisal regulations were made in 1994. According to the FDIC's April 2019 statement, the 2019 change exempted an additional 14 percent of transactions from appraisal requirements. Since then, the threshold has remained static, despite significant increases in housing prices.

Important safeguards would continue to apply to transactions at or below the applicable threshold. The interagency appraisal regulations require institutions to obtain an appropriate evaluation of the real property collateral that is consistent with safe and sound banking practices, even when the evaluation does not need to be performed by a licensed or certified appraiser or meet Title XI appraisal standards.

---

[2] Under Title XI of FIRREA, the financial institutions regulatory agencies must determine that a threshold will not pose a threat to safety and soundness. 12 U.S.C. § 3341(c). In addition, the CFPB must find that a new threshold provides reasonable protection for consumers who purchase 1 to 4 residential property. *Id.* The requirement for these findings can be seen as an impediment to automatic adjustments. One way to address this would be to include a clause in the appraisal regulation that sets a date each year for automatic adjustment of the threshold and requires each agency to issue their affirmative findings within, for example, 90 days before the adjustment date. In the absence of such findings, the threshold would remain the same. In the alternative, the clause could be crafted with a presumption of affirmative findings by the agencies, unless the agencies issue a contrary finding, again within a certain number of days or months before the adjustment date.

[3] Office of the Comptroller of the Currency, et al., Real Estate Appraisal (Oct. 8, 2019), https://www.federalregister.gov/documents/2019/10/08/2019-21376/real-estate-appraisals.

Permit Automated Primary Collateral Reviews Without Case-by-Case Regulator Approval

The 2010 Interagency Appraisal and Evaluation Guidelines (Appraisal Guidelines)[4] address the use of "automated tools" for appraisal review but require approval from an institution's primary federal regulator before the institution may use automated tools or sampling methods to perform pre-funding reviews of appraisals or evaluations supporting lower-risk residential mortgages.

Since 2010, automated review tools and artificial intelligence have evolved significantly. These tools are now subject to established third-party risk oversight, and the federal regulators' April 2026 Model Risk Management guidance[5] addresses model development, implementation, use, validation, and ongoing monitoring.

We urge your agencies to align the Appraisal Guidelines with the 2026 model risk management guidance and its risk-based approach to the use of models. Requiring case-by-case preapproval is unnecessary when institutions use automated collateral review models that are subject to robust validation, lifecycle management, and ongoing monitoring. Accordingly, the agencies should permit institutions in federally related transactions (FRTs) to use automated tools for primary collateral review without requiring prior approval from the primary federal regulator.

Expand Permitted Use of Alternative Valuation Pathways

We believe consumers and mortgage markets would benefit from a broader definition of property inspection for appraisals and evaluations -- a definition that permits the use of virtual or customer-assisted inspections with appropriate controls. Valuation methodologies that leverage data and technology can complement and enhance the physical review of a property while improving the efficiency, consistency, and quality of the valuation process.

Regulators should permit the use of a continuum of valuation methodologies that vary based on the risk profile of the transaction according to clear and consistently applied standards and appropriate oversight. As highlighted in the Executive Order, expanding the use of alternative valuation models, desktop appraisals, and hybrid appraisals would help modernize the valuation process and reduce unnecessary delays for lower-risk transactions.

One practical step would be to permit borrowers to photograph the interior and exterior of a property, in accordance with specified requirements, and submit those photographs through a secure portal designed to prevent tampering and fraud. This protocol was used successfully during the COVID-19 pandemic and significantly improved the efficiency of the valuation process while maintaining appropriate safeguards. To mitigate the risk of fraud, customer-assisted inspections would require enhanced controls to ensure the reliability of submitted

---

[4] Office of the Comptroller of the Currency, et al., Interagency Appraisal and Evaluation Guidelines (Dec. 10, 2010), https://www.federalregister.gov/documents/2010/12/10/2010-30913/interagency-appraisal-and-evaluation-guidelines.

[5] Office of the Comptroller of the Currency, et al., Supervisory Guidance on Model Risk Management (Apr. 17, 2026), https://www.occ.gov/news-issuances/bulletins/2026/bulletin-2026-13a.pdf.

information. Regulators should consider revising the Appraisal Guidelines or issuing separate guidance to enable this innovative approach to consumer-based documentation of property condition.

Revise the Definition of High Value and Complex Transaction

FRTs deemed "high value and complex transactions" are defined as transactions exceeding one million dollars. All high value and complex FRTs require an appraisal conducted by a State-certified appraiser, regardless of whether it is a residential or commercial transaction.[6] The value of homes in residential mortgage markets is dramatically higher than when this threshold was established. Last summer, Redfin reported nearly one in 10 (8.5%) U.S. homes are worth $1 million or more, the highest share of all time. That is up from 7.6% a year ago and more than double the 4% share before the pandemic.[7] The number of U.S. cities where a typical starter home is worth at least $1 million has nearly tripled since before the COVID-19 pandemic according to a new Zillow analysis.[8] Hence, we recommend adjusting the loan amount limitation for an FRT or defining factors that could help identify complex transactions. In today's housing market, the one-million-dollar limit is no longer appropriate.

Our organizations believe that the prudential banking regulators have a critical role to play in establishing standards that modernize the valuation process across the entire housing finance ecosystem. We look forward to working with your agencies to improve the efficiency and quality of the valuation process. Please have your staff contact Matt Douglas at matt.douglas@housingpolicycouncil.org or Sharon Whitaker at swhitaker@aba.com, with any questions or to arrange further discussion. Thank you for your consideration.

Sincerely,

American Bankers Association
Housing Policy Council
Independent Community Bankers of America

---

[6] 12 C.F.R. § 323.3 (2026).

[7] Redfin News, Record 8.5% of U.S. Homes are Worth $1 Million or More, Aug. 16, 2025,https://www.redfin.com/news/million-dollar-homes-increasing/.

[8] Zillow Front Porch, A Record 242 U.S. Cities Now Have Starter Homes that Cost $1M, June 15, 2026, https://www.zillow.com/news/242-cities-now-have-starter-homes-that-cost-1-million/.