

# THE NEW ECOA VALUATIONS RULE

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**An important note before we get started:**

Are you sending appraisals to borrowers as a PDF attachment in unencrypted e-mail? For a closer look at consumer privacy laws in the Gramm-Leach-Bliley Act and how they relate to appraisals, download our free white paper here: <http://www.mercuryvmp.com/glba>

## SENDING APPRAISALS TO BORROWERS ELECTRONICALLY? THE CRITICAL STEPS REQUIRED:

Many in the industry are already aware of the new ECOA Valuations Rule as it pertains to providing copies of all valuations to the borrower.

However, some may be missing the critical new borrower acknowledgements needed when the appraisal is sent electronically. The ECOA Valuation Rule requires that lenders “obtain the applicant’s consent [to receive an electronic copy of the document] under the Electronic Signatures in Global and National Commerce Act (E-Sign Act).” For more information on the Electronic Signatures in Global and National Commerce Act (E-Sign Act), visit <http://www.fdic.gov/regulations/compliance/manual/pdf/X-3.1.pdf>.

If you’re delivering electronically, the E-Sign Act requires:

- Applicant’s consent to receive the document electronically
- Applicant is provided with a statement of the hardware and software requirements for successful receipt of the electronic document
- Confirmation that the applicant can download and view a PDF, *prior to downloading* the document

If you’re only focused only on the timing of the appraisal delivery to the borrower, you could be missing a key step in your compliance.

See Mercury Network’s solution on page 3.

*Sending the appraisal electronically? This is critical.*

# SOLUTION: SURE RECEIPTS

SureReceipts™ automates the acknowledgements required by the E-Sign Act behind the scenes, so lenders and AMCs can fully comply with the new ECOA Valuations Rule, without extra manual steps or work-arounds. It's included as a free feature for any Mercury Network client. For those not using Mercury Network, see page 5 for an automated solution any lender or AMC can use, regardless of software platform.

## This is how it works:

An e-mail is automatically generated and sent to the borrower containing a URL to a "Receipt of Completed Order" page. The borrower clicks on the URL and lands here:

The screenshot shows a web browser window displaying the Mercury Network interface. The page title is "Receipt of Completed Order". The content includes instructions for downloading an appraisal report and three numbered steps: 1. Acknowledge the information below, 2. Obtain your authorization code, and 3. Enter your authorization code. Annotations on the left side of the page point to specific elements on the screen:

- Borrower rights and options are explained, with consent to download the electronic file.* (Points to the introductory text and the first step section)
- Borrower downloads authorization code to demonstrate their ability to download and view PDFs.* (Points to the "Download Auth Code" button)
- Borrower then enters code and downloads appraisal.* (Points to the "Auth Code" input field and the "Download Appraisal" button)

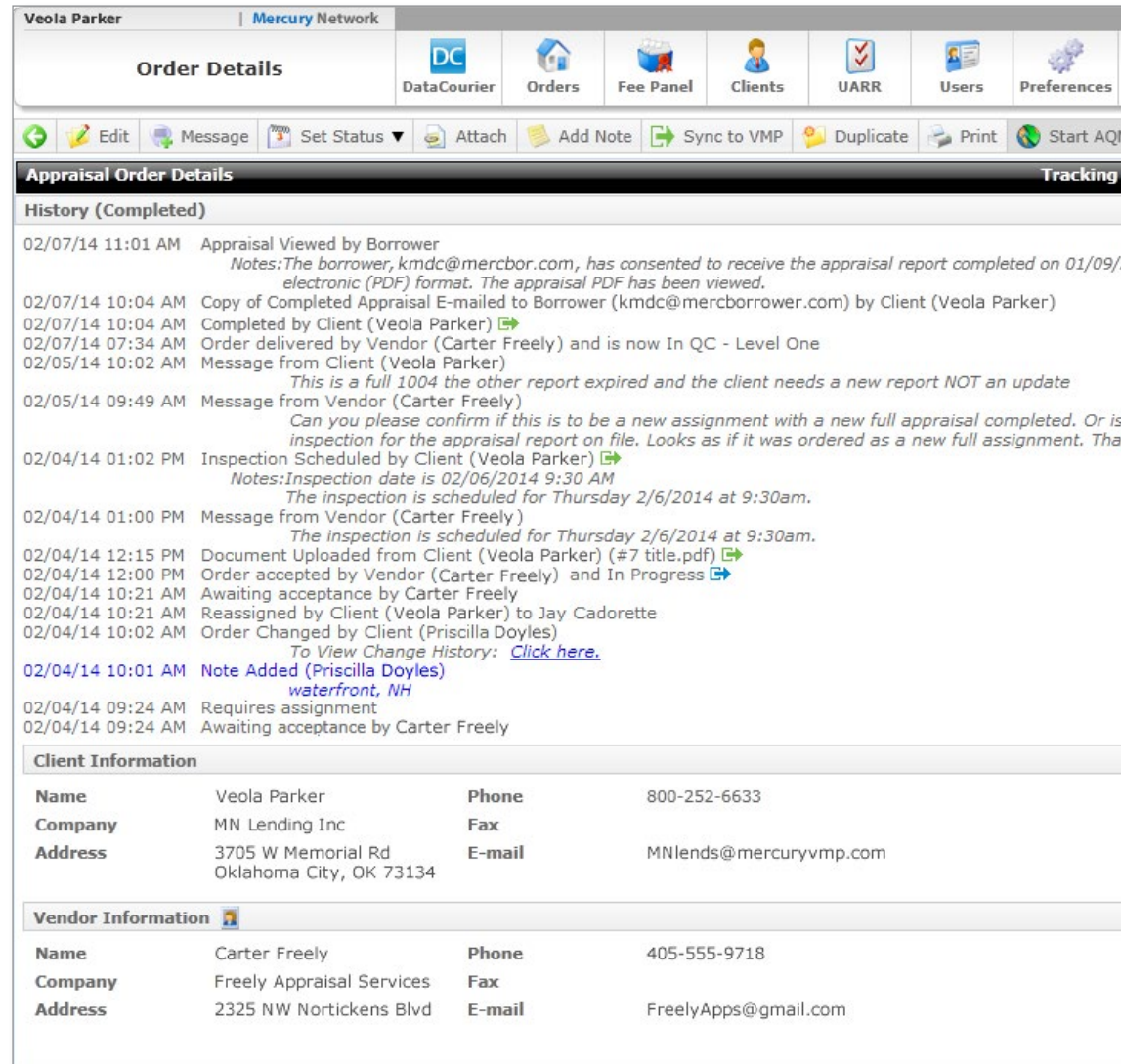
The "Auth Code" field in the screenshot contains the value **0F8786B3**.

See a sample of the full transaction audit trail to prove compliance on page 4.

# COMPLETE WITH AUDIT TRAIL

It's industry best practices to prove compliance with an end-to-end audit trail of the transaction. SureReceipts automatically logs every event so you can refer to it later, if needed. You'll also receive an e-mail notification, so you can store a hard copy of the compliance audit trail if you prefer.

The audit trail provides a permanent record of when the E-Sign Act provisions were acknowledged by the borrower, when the appraisal was viewed, and when the report was sent to the borrower.



**Veola Parker** | Mercury Network

**Order Details**

DC DataCourier | Orders | Fee Panel | Clients | UARR | Users | Preferences

Edit | Message | Set Status | Attach | Add Note | Sync to VMP | Duplicate | Print | Start AQ

**Appraisal Order Details** Tracking

**History (Completed)**

- 02/07/14 11:01 AM Appraisal Viewed by Borrower  
Notes: The borrower, kmdc@mercbor.com, has consented to receive the appraisal report completed on 01/09/14 in electronic (PDF) format. The appraisal PDF has been viewed.
- 02/07/14 10:04 AM Copy of Completed Appraisal E-mailed to Borrower (kmdc@mercborrower.com) by Client (Veola Parker)
- 02/07/14 10:04 AM Completed by Client (Veola Parker)
- 02/07/14 07:34 AM Order delivered by Vendor (Carter Freely) and is now In QC - Level One
- 02/05/14 10:02 AM Message from Client (Veola Parker)  
This is a full 1004 the other report expired and the client needs a new report NOT an update
- 02/05/14 09:49 AM Message from Vendor (Carter Freely)  
Can you please confirm if this is to be a new assignment with a new full appraisal completed. Or is inspection for the appraisal report on file. Looks as if it was ordered as a new full assignment. Thank you.
- 02/04/14 01:02 PM Inspection Scheduled by Client (Veola Parker)  
Notes: Inspection date is 02/06/2014 9:30 AM
- 02/04/14 01:00 PM Message from Vendor (Carter Freely)  
The inspection is scheduled for Thursday 2/6/2014 at 9:30am.
- 02/04/14 12:15 PM Document Uploaded from Client (Veola Parker) (#7 title.pdf)
- 02/04/14 12:00 PM Order accepted by Vendor (Carter Freely) and In Progress
- 02/04/14 10:21 AM Awaiting acceptance by Carter Freely
- 02/04/14 10:21 AM Reassigned by Client (Veola Parker) to Jay Cadorette
- 02/04/14 10:02 AM Order Changed by Client (Priscilla Doyles)  
To View Change History: [Click here.](#)
- 02/04/14 10:01 AM Note Added (Priscilla Doyles)  
waterfront, NH
- 02/04/14 09:24 AM Requires assignment
- 02/04/14 09:24 AM Awaiting acceptance by Carter Freely

**Client Information**

<b>Name</b>	Veola Parker	<b>Phone</b>	800-252-6633
<b>Company</b>	MN Lending Inc	<b>Fax</b>	
<b>Address</b>	3705 W Memorial Rd Oklahoma City, OK 73134	<b>E-mail</b>	MNlends@mercuryvmp.com

**Vendor Information**

<b>Name</b>	Carter Freely	<b>Phone</b>	405-555-9718
<b>Company</b>	Freely Appraisal Services	<b>Fax</b>	
<b>Address</b>	2325 NW Nortickens Blvd	<b>E-mail</b>	FreelyApps@gmail.com

## DON'T USE MERCURY NETWORK?

You can still get compliance automatically.



# SOLUTION FOR ALL LENDERS AND AMCS

If you're not currently using the full Mercury Network, you can still use SureReceipts to automate the process of secure, compliant delivery to your borrowers.

With SureReceipts, you can send the appraisal to your borrower and generate the automatic audit trail regardless of how you ordered the appraisal originally. No software is required since it's a web-based platform, and it only costs 50¢ per send. Your first 10 sends are free, so you have nothing to lose in trying it.

To get started:

1. First, you'll need to create a Mercury Network account at <https://secure.MercuryVMP.com/SignupWiz.aspx>. (It's free.)
2. You will need to add a credit card to your account for the 50¢ fees. Step by step instructions: <http://mercuryvmp.com/docs/2066.htm>  
Want a monthly bill instead of using a credit card? No problem. Call 1-800-434-7260.
3. When you have a Mercury Network account, you can upload any appraisal and use SureReceipts to deliver reports compliantly.

Want to integrate it with your current system?  
No problem. →

Want to use it automatically, without logging into another platform? No problem. We can quickly build an integration to your current system. Call 1-800-434-7260.

*Sending to borrowers via certified mail? SureReceipts will save you at least \$5 on every file, plus you'll have an integrated audit trail and provide better, faster service to your borrower.*

The screenshot shows the Mercury Network web application. At the top, there's a navigation bar with 'DataCourier by Mercury Network' and various icons for DataCourier, Orders, Fee Panel, UARR, Users, Preferences, and Quick Start. Below the navigation bar is a toolbar with buttons for 'Send to Borrower', 'Upload Revised File', and 'Start AQM'. A green banner below the toolbar states: 'You can send 9 reports to the borrower free of charge! A 50¢ transaction fee will be charged for subsequent deliveries with DataCourier's ECOA compliant solution.'

The main content area is titled 'Property Details - 9665 N Carter Blvd.' and includes a satellite map of the property. To the right of the map, the following information is displayed:

- Address:** 9665 N Carter Blvd. OKC, OK 73122
- Borrower:** Carter Brassfield
- Appraised Value:** \$253,000
- Appraisal Date:** 12/27/2012
- Assignment Type:** Purchase
- Product:** Condo (Form 1073 - UAD)
- Appraiser Name:** Zaphod LeBlanc
- Lender:** Veola Parker @ Merc Lending
- Lender Address:** 3705 W Memorial Rd, Oklahoma City, OK 73134
- Neighborhood:** Trails South
- Sale Price:** \$260,000
- Prior Date:** -
- Prior Price:** \$0
- GSE Doc File ID:** [Edit](#)

On the right side of the interface, there are sections for 'Docs' (with PDF and MISMO XML download buttons) and 'Comps' (with a map showing nearby properties). At the bottom, there's a 'History' section and a timestamp: '2/7/2014 11:18:10 AM CST'.

# HELPFUL RESOURCES

*This reg affects credit unions, too* →

Consumer Financial Protection Bureau (CFPB) website, including the full rule and the official interpretation

<http://www.consumerfinance.gov/regulations/disclosure-and-delivery-requirements-for-copies-of-appraisals-and-other-written-valuations-under-the-equal-credit-opportunity-act-regulation-b/>

ECOA Valuations Rule Small Entity Compliance Guide

[http://files.consumerfinance.gov/f/201401\\_cfpb\\_compliance-guide\\_ecoa.pdf](http://files.consumerfinance.gov/f/201401_cfpb_compliance-guide_ecoa.pdf)

Credit Union National Association Comp Notes on ECOA (Reg B) Appraisal Rule

[http://www.cuna.org/uploadedFiles/CUNA/Compliance/Compliance\\_E-Guide/Guide\\_Entries/CompNotes\\_ECOA.pdf](http://www.cuna.org/uploadedFiles/CUNA/Compliance/Compliance_E-Guide/Guide_Entries/CompNotes_ECOA.pdf)

PolicyWorks summary of ECOA RegB:

[http://www.ia-icul.org/support\\_files/Summary\\_ECOA\\_RegB\\_Appraisal\\_Rule.pdf](http://www.ia-icul.org/support_files/Summary_ECOA_RegB_Appraisal_Rule.pdf)

BankersOnline.com synopsis of the old language and what has changed:

<http://www.bankersonline.com/regs/12-1002/12-1002-014.html>

From DoddFrankUpdate.com, "a la mode's Mercury Network offers compliance tools for new ECOA valuation rule"

<http://www.doddfrankupdate.com/DFU/ArticlesDFU/59922.aspx>

From HousingWire, "New ECOA rule means collateral valuation pipelines may be leaking"

<http://www.housingwire.com/articles/28531-how-lenders-may-be-breaking-the-law>

From National Mortgage Professional, "Mercury Network launches automated compliance to conform to new ECOA Valuation Rule"

<http://www.nationalmortgageprofessional.com/news46155/Mercury-Network-Launches-Automated-Compliance-Conform-New-ECOA-Valuations-Rule>

From Progress in Lending, "Leveling the appraisal compliance field"

<http://progressinlending.com/blog/2014/01/09/leveling-the-appraisal-compliance-field/>

MortgageDaily (press release)

<http://www.mortgagedaily.com/PressReleases/alamode010914.asp>

# Mercury Network

Visit [www.MercuryVMP.com/EOA](http://www.MercuryVMP.com/EOA) or call 1-800-434-7260.

## Additional resources:



Free resources: Industry best practice guidelines and news  
Get expert recommendations for compliance, efficiency, and maximizing profit.  
[www.mercuryvmp.com/resources/](http://www.mercuryvmp.com/resources/)



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