



Federal Deposit Insurance Corporation
550 17th Street NW, Washington, D.C. 20429-9990

Financial Institution Letter
FIL-76-2018
November 21, 2018

Appraisal Threshold for Residential Real Estate Loans

Summary: The FDIC, the Board of Governors of the Federal Reserve System, and the Office of the Comptroller of the Currency (the Agencies) are jointly issuing a notice of proposed rulemaking titled *Real Estate Appraisals* (Appraisal NPR), which will be published in the Federal Register for a 60-day comment period. The Appraisal NPR proposes to increase the threshold for residential real estate transactions requiring an appraisal from \$250,000 to \$400,000. Evaluations would be required for transactions exempted as a result of the proposed threshold. The NPR also would add section 103 of the Economic Growth, Regulatory Relief and Consumer Protection Act (EGRRCPA) to the list of exempt transactions in the appraisal regulations, require evaluations for these exempt transactions, and require institutions to subject appraisals to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Statement of Applicability to Institutions Under \$1 Billion in Total Assets: This Financial Institution Letter applies to all FDIC-supervised institutions.

Distribution:
FDIC-Supervised Institutions

Suggested Routing:
Chief Executive Officer
Chief Credit Officer
Chief Risk Officer

Related Topics:
[Part 323 of the FDIC Rules and Regulations.](#)

Attachment:
[Notice of Proposed Rulemaking to Increase the Appraisal Threshold for Residential Real Estate Transactions, Implement the Residential Rural Exemption, and Require Appropriate Appraisal Review](#)

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Highlights:

- The Agencies' appraisal regulations identify categories of real estate-related financial transactions that do not require appraisals. In addition, the Agencies are authorized to establish a threshold level below which an appraisal is not required.
- Under the current thresholds, residential real estate transactions with a value of \$250,000 or less do not require appraisals. The threshold amount for the exemption for residential real estate transactions was last amended in 1994.
- The Appraisal NPR proposes to increase the threshold level at or below which appraisals would not be required for residential real estate transactions from \$250,000 to \$400,000. Consistent with the requirement in the appraisal regulations for other transactions below their threshold exemptions, regulated institutions would be required to obtain an appropriate evaluation of the real property collateral that is consistent with safe and sound banking practices for transactions exempted as a result of the proposed threshold.
- The Appraisal NPR would add certain transactions secured by residential property in rural areas that have been exempted from the appraisal requirements pursuant to section 103 of the Economic Growth, Regulatory Relief and Consumer Protection Act to the list of exempt transactions in the appraisal regulations. The proposed rule also would require evaluations for these exempt transactions.
- Pursuant to section 1473(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the proposed rule also would amend the agencies' appraisal regulations to require regulated institutions to subject appraisals for federally related transactions to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice.