
Joint Release

Federal Reserve Board of Governors
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency

For immediate release

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Agencies Seek Public Comment on Proposal to Raise Appraisal Threshold for Residential Real Estate Transactions

The three federal banking agencies announced they are seeking public comment on a proposal to raise the threshold for residential real estate transactions requiring an appraisal from \$250,000 to \$400,000. The appraisal threshold has remained unchanged since 1994, and the agencies believe an increase would provide burden relief without posing a threat to the safety and soundness of financial institutions.

All three agencies have approved the proposal, with the FDIC and the OCC acting on November 20. Comments will be accepted until 60 days after publication in the Federal Register.

Rather than requiring an appraisal for transactions exempted by the threshold, the proposal would require the use of an evaluation consistent with safe and sound banking practices. Evaluations provide an estimate of the market value of real estate but could be less burdensome than appraisals because the agencies' appraisal regulations do not require evaluations to be prepared by state licensed or certified appraisers. In addition, evaluations are typically less detailed and costly than appraisals. Evaluations have been required for transactions exempted from the appraisal requirement by the current residential threshold since the 1990s.

This proposal responds, in part, to comments the agencies received during their recent review of regulations that the current exemption level for residential transactions had not kept pace with price appreciation.

Additionally, the proposal would incorporate the appraisal exemption for rural residential properties provided by the Economic Growth, Regulatory Relief and Consumer Protection Act and similarly require evaluations for these transactions. In addition, the proposal would require institutions to appropriately review all appraisals required by the agencies' appraisal rules to ensure their compliance with appraisal industry standards.

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Attachment:

- [Federal Register Notice of NPR](#)

Media Contacts:

FDIC Greg Hernandez (202) 898-6993
Federal Reserve Darren Gersh (202) 452-2955
OCC Stephanie Collins (202) 649-6870

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communications@fdic.gov