
Joint Release

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

For immediate release

April 2, 2018

Federal Banking Agencies Issue Final Rule to Exempt Commercial Real Estate Transactions of \$500,000 or Less from Appraisal Requirements

WASHINGTON — The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency issued a final rule that increases the threshold for commercial real estate transactions requiring an appraisal from \$250,000 to \$500,000.

The agencies originally proposed to raise the threshold, which has been in place since 1994, to \$400,000, but determined that a \$500,000 threshold will materially reduce regulatory burden and the number of transactions that require an appraisal. The agencies also determined that the increased threshold will not pose a threat to the safety and soundness of financial institutions.

The final rule allows a financial institution to use an evaluation rather than an appraisal for commercial real estate transactions exempted by the \$500,000 threshold. Evaluations provide a market value estimate of the real estate pledged as collateral, but do not have to comply with the Uniform Standards of Professional Appraiser Practices and do not require completion by a state licensed or certified appraiser.

The final rule responds, in part, to concerns financial industry representatives raised that the current threshold level had not kept pace with price appreciation in the commercial real estate market in the 24 years since the threshold was established and about regulatory burden during the Economic Growth and Regulatory Paperwork Reduction Act review process completed in March 2017.

Attachment:

- [Final Rule Real Estate Appraisals for Commercial Real Estate Transactions](#)

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Media Contacts:

FDIC Julianne Fisher Breitbeil (202) 898-6895
Federal Reserve Darren Gersh (202) 452-2955
OCC William Grassano (202) 649-6870

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communications@fdic.gov