



REAL ESTATE APPRAISALS

FIL-20-2001  
March 7, 2001

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Statement on Appraisal Standards*

The Appraisal Standards Board (ASB) of The Appraisal Foundation recently released the attached Appraisal Standards Statement No.10, "Assignments for Use by a Federally Insured Depository Institution in a Federally Related Transaction." The statement was issued in response to indications that some appraisers are not following Uniform Standards of Professional Appraisal Practice (USPAP) for federally related transactions. The areas of concern include appraisals for commercial real estate properties and residential tract development projects, appraisal reviews, and appraiser independence.

FDIC-supervised institutions should review the issues raised in Statement No. 10 and confirm that their appraisal function complies with the FDIC's appraisal regulations in Part 323, the Interagency Guidelines on Real Estate Appraisals and Evaluations (see FIL-74-94), and USPAP. An institution's internal controls must promote compliance with the FDIC's appraisal regulations and guidelines and industry appraisal standards, as well as ensure that the institution engages competent and ethical appraisers. Further, if management finds that a state-licensed or state-certified appraiser violates USPAP or applicable laws, or engages in unethical or unprofessional conduct, the institution should make a referral to the appropriate state appraiser regulatory authority.

Statement No. 10 is reproduced with permission of The Appraisal Foundation. USPAP and applicable ASB statements are available on the Internet at [www.appraisalfoundation.org](http://www.appraisalfoundation.org) under the caption "Appraisal Standards Board." Copies of USPAP may also be ordered via the Web site.

For further information, please contact your Division of Supervision Regional Office or Examination Specialist James Leitner on (202) 898-6790 (e-mail: [jleitner@fdic.gov](mailto:jleitner@fdic.gov)).

Michael J. Zamorski  
Acting Director

Attachment: <http://www.appraisalfoundation.org>

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).