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**Joint Release**

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

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For immediate release

July 19, 2017

## **Federal Banking Agencies Issue Notice of Proposed Rulemaking to Exempt Commercial Real Estate Transactions of \$400,000 or Less from Appraisal Requirements**

WASHINGTON — Responding to concerns about the time and cost associated with completing real estate transactions, the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency today issued a notice of proposed rulemaking to raise the threshold for commercial real estate transactions requiring an appraisal to \$400,000.

The agencies believe raising this threshold for commercial real estate transactions from the current level of \$250,000 will significantly reduce the number of transactions that require an appraisal and will not pose a threat to the safety and soundness of financial institutions.

Instead of an appraisal, the proposal would require that commercial real estate transactions at or below the threshold receive an evaluation. As defined by agency guidance, evaluations are less detailed than appraisals, do not require completion by a state licensed or certified appraiser, and provide a market value estimate of the real estate pledged as collateral.

During the [Economic Growth and Regulatory Paperwork Reduction Act review process](#), financial industry representatives raised concerns that the current exemption level had not kept pace with price appreciation in the commercial real estate market. This proposal responds, in part, to these concerns.

Comments will be accepted for 60 days from publication in the *Federal Register*.

Attachments:

- [Notice of Proposed Rulemaking to Implement an Increase in the Appraisal Threshold for Commercial Real Estate Transactions](#)
- [Statement of FDIC Chairman Martin J. Gruenberg](#)

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