



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

Financial Institution Letter
FIL-56-2017
October 26, 2017

Regulatory Relief:

FDIC Issues Temporary Exceptions to Appraisal Requirements in Areas Affected by Severe Storms and Flooding Related to Hurricanes Harvey, Irma and Maria

Summary: The FDIC is providing flexibility relative to appraisal requirements for real estate-related transactions in areas declared a major disaster in Florida, Georgia, Puerto Rico, Texas, and the U.S. Virgin Islands due to severe storms and flooding related to Hurricanes Harvey, Irma, and Maria. The flexibilities may be exercised by any institution underwriting a real estate-related transaction in these areas.

Statement of Applicability to Institutions With Total Assets Under \$1 Billion: This Financial Institution Letter applies to all FDIC-supervised institutions with loans secured by real estate in the affected areas.

Distribution:

FDIC-Supervised Institutions

Suggested Routing:

Chief Executive Officer
Chief Lending Officer

Related Topics:

[12 CFR Part 323 of the FDIC Rules and Regulations](#)

[Interagency Appraisal and Evaluation Guidelines, FIL-82-2010](#)

Attachments:

[Press Release](#)
[Federal Register Notice and Order](#)

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Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's Web site at www.fdic.gov/news/news/financial/2017/index.html.

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Paper copies may be obtained through the FDIC's Public Information Center, 3501 Fairfax Drive, E-1002, Arlington, VA 22226 (1-877-275-3342 or 703-562-2200).

Highlights: The FDIC is facilitating the recovery process in areas declared to be major disasters by temporarily easing appraisal requirements for real estate-related financial transactions under the *Financial Institutions Reform, Recovery, and Enforcement Act*.

- The exception expires three years after the date each state or territory was declared a major disaster.
- To qualify for the exception, an institution must document that:
 - (1) The transaction involves real property in an area declared a major disaster;¹
 - (2) There is a binding commitment to fund a transaction in an area declared a major disaster in the states or territories listed below that was entered into on or after:
 - August 25, 2017, but no later than August 24, 2020, for Texas;
 - September 7, 2017, but no later than September 6, 2020, for the U.S. Virgin Islands;
 - September 10, 2017, but no later than September 9, 2020, for Florida and Puerto Rico; and
 - September 15, 2017, but no later than September 14, 2020, for Georgia;
 - September 20, 2017, but no later than September 19, 2020, for Puerto Rico; and
 - September 21, 2017, but no later than September 20, 2020, for the U.S. Virgin Islands.
 - (3) The value of the real property supports the institution's decisions to enter into the transaction.
- A financial institution relying on the appraisal exception should maintain sufficient information estimating the collateral's value to support the institution's credit decision.
- The FDIC will review institutions' reliance on the appraisal exception during regularly scheduled examinations.

¹ See <https://www.fema.gov/disaster/4332>. See <https://www.fema.gov/disaster/4335>. See <https://www.fema.gov/disaster/4337>. See <https://www.fema.gov/disaster/4336>. See <https://www.fema.gov/disaster/4338>. See <https://www.fema.gov/disaster/4339>. See <https://www.fema.gov/disaster/4340>.