



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

**Financial Institution Letter**  
**FIL-53-2019**  
**September 27, 2019**

## New Appraisal Threshold for Residential Real Estate Loans

**Summary:** The FDIC, the Federal Reserve, and the Office of the Comptroller of the Currency (the Agencies) have jointly issued an amended rule (the Appraisal Rule) that increases the threshold for residential real estate transactions requiring an appraisal from \$250,000 to \$400,000. For transactions exempted by the \$400,000 threshold, the Appraisal Rule requires an evaluation. The Appraisal Rule also incorporates the appraisal exemption for rural residential properties provided by the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRCCPA) and requires evaluations for these exempt transactions. In addition, the Appraisal Rule requires appraisals for federally related transactions to be subject to appropriate review for compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

**Statement of Applicability to Institutions Under \$1 Billion in Total Assets:** This Financial Institution Letter applies to all FDIC-supervised institutions.

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### Related Topics

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

### Attachment:

[Residential Appraisal Threshold Final Rule](#)

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### Highlights:

- Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (Title XI) requires the Agencies to adopt regulations prescribing standards for appraisals used in connection with federally related transactions within the jurisdiction of each agency, and that they be performed by certified or licensed appraisers. Title XI authorizes the Agencies to establish a threshold level below which an appraisal is not required.
- The Appraisal Rule creates a new definition of, and a separate category for, residential real estate transactions and raises the threshold for requiring an appraisal for such transactions from \$250,000 to \$400,000.
- For transactions exempt under the applicable thresholds, the Appraisal Rule requires an appropriate evaluation of the real property collateral that is consistent with safe and sound banking practices but does not need to be performed by a licensed or certified appraiser or meet the other Title XI appraisal standards.
- The Appraisal Rule also incorporates the appraisal exemption for rural residential properties added to Title XI by Section 103 of EGRCCPA and requires evaluations for these transactions.
- Finally, the Appraisal Rule requires appraisals for federally related transactions to be subject to appropriate review for compliance with the USPAP, pursuant to Title XI, as amended by the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#).
- The final rule becomes effective the first day after publication in the *Federal Register*, except for provisions related to appraisal review and the evaluation requirement related to the rural residential exemption, which become effective January 1, 2020.