

For immediate release

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Agencies Clarify Expectations for the Use of Property Evaluations

WASHINGTON— The federal banking regulatory agencies today issued an advisory to clarify expectations for the use of property evaluations by banking institutions. The advisory responds to questions raised during outreach meetings held by the agencies last year pursuant to the Economic Growth and Regulatory Paperwork Reduction Act.

The advisory describes the agencies' existing supervisory expectations for the use of an evaluation instead of an appraisal to estimate a property's market value for certain real estate-related financial transactions. Unlike an appraisal, an evaluation does not have to be developed by a state-licensed or state-certified appraiser.

The advisory also addresses the use of alternative valuation approaches, methods, and other information that financial institutions may use to develop an evaluation in areas with few, if any, recent comparable property sales in reasonable proximity to the subject property. Regardless of the approach or method used to estimate the market value of real property, an evaluation report should contain sufficient information and analysis to support the value conclusion and the institution's decision to engage in the transaction.

Attachment: [Interagency Advisory on Use of Evaluations in Real Estate-Related Financial Transactions](#)

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