



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## FDIC Issues Notice of Proposed Rulemaking to Exempt Residential Real Estate Transactions of \$400,000 or Less from Appraisal Requirements

The Federal Deposit Insurance Corporation (FDIC) today issued a notice of proposed rulemaking to raise the threshold for residential real estate transactions requiring an appraisal to \$400,000. This proposal is in response to concerns raised about the time and cost associated with completing residential real estate transactions.

The FDIC believes raising this threshold for residential real estate transactions from the current level of \$250,000, last increased in 1994, could provide meaningful burden relief from the appraisal requirements, without posing a threat to the safety and soundness of financial institutions.

Rather than requiring an appraisal, the proposal would require that residential real estate transactions exempted by the threshold obtain an evaluation consistent with safe and sound banking practices. Evaluations provide an estimate of the market value of real estate but could be less burdensome than appraisals because the FDIC's appraisal regulations do not require evaluations to be prepared by state licensed or certified appraisers. In addition, evaluations are typically less detailed and costly than appraisals. Evaluations have been required for transactions exempted from the appraisal requirement by the current residential threshold since the 1990s.

This proposal responds, in part, to comments that the current exemption level for residential transactions had not kept pace with price appreciation in the residential real estate market. These comments were received during the recent Economic Growth and Regulatory Paperwork Reduction Act review process and during the rulemaking process that led to a final rule, issued in April 2018, which raised the appraisal threshold for commercial real estate transactions from \$250,000 to \$500,000.

The proposal also would incorporate the rural residential appraisal exemption in the Economic Growth, Regulatory Relief and Consumer Protection Act to the list of exempt transactions and require evaluations for these exempt transactions. In addition, the proposal would require institutions to appropriately review appraisals for compliance with the Uniform Standards of Professional Appraisal Practice, as mandated by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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

Attachment: [Notice of Proposed Rulemaking and Request for Comment on Real Estate Appraisals](#)



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. The FDIC insures deposits at the nation's banks and savings associations, 5,479 as of September 30, 2018. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars—insured financial institutions fund its operations.

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