

**Notice of Proposed Rulemaking to
Implement an Increase in the Appraisal Threshold for Commercial
Real Estate Transactions
Martin J. Gruenberg, Chairman
July 18, 2017**

Thank you very much for that overview. As Rae-Ann mentioned, this proposed rule is one of a number of proposals resulting from the recent EGRPRA review by the banking agencies.

The current commercial real estate appraisal thresholds have been in place for a long time - about 23 years - and were the subject of frequent comment during the EGRPRA review process.

In particular, bankers in rural parts of the country at outreach sessions expressed significant concerns with delays in completing real estate transactions due to a scarcity of appraisers in those areas. I think it is fair to say that this proposal will be responsive to some of those concerns. Raising the commercial real estate appraisal threshold from \$250,000 to \$400,000 as proposed – and thus increasing the overall percentage of commercial real estate transactions exempt from needing appraisals from 17 to 28 percent – will be a meaningful reduction in regulatory burden, particularly for rural banks who would be expected to originate many of these smaller transactions.

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In addition, the proposal seeks comment on the threshold for residential real estate, and I look forward to the comments on that issue.

Finally, I would like to thank the FDIC staff for their work on this proposed rule, as well as the staff of the other agencies, for the cooperative interagency effort on this proposed rule.