



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

Financial Institution Letter  
FIL-70-2016  
October 24, 2016

## REGULATORY RELIEF

### Exception from Appraisal Requirements in Certain Disaster Areas in Louisiana

**Summary:** The FDIC is providing flexibility relative to appraisal requirements to financial institutions in major disaster areas in Louisiana due to severe storms and flooding.

**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  
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#### Related Topics:

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

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

#### Attachments:

[PR-94-2016](#)  
[Federal Register Notice and Order](#)

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#### Note:

FDIC Financial Institution Letters (FILs) may be accessed from the FDIC's website at <https://www.fdic.gov/news/news/financial/2016/>.

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#### Highlights:

- The FDIC is excepting real estate-related transactions from the appraisal requirements under the *Financial Institutions Reform, Recovery, and Enforcement Act* and its implementing regulations in the Louisiana parishes declared major disaster areas due to severe storms and flooding.
- To qualify for the waiver, a financial institution must document that: (1) the transaction involves real property in a parish declared to be in a major disaster area by the President on August 14, 2016;<sup>1</sup> (2) there is a binding commitment to fund a transaction that was entered into on or after August 14, 2016, but no later than December 31, 2017; and (3) the value of the real property supports the institution's decision to enter into the transaction. A financial institution that relies on the appraisal exception should maintain sufficient information in the loan file estimating the collateral's value to support the institution's credit decision.
- The FDIC will monitor institutions that rely on the appraisal exception to ensure real estate-related transactions are being originated in a manner consistent with safe-and-sound banking practices.
- The exception expires on December 31, 2017.

<sup>1</sup> Major Disaster Declaration DR-4277 available at <http://www.fema.gov/disaster/4277>.