

November 27, 2015

Legislative and Regulatory Activities Division  
Office of the Comptroller of the Currency  
Mail Stop 9W-11, 400 7th Street, SW  
Washington, DC 20219

Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington, DC 20551

Federal Deposit Insurance Corporation  
550 17th Street, NW  
Washington, DC 20429

**RE: EGRPRA Review: Transactions Requiring a State Certified or Licensed Appraiser**

To Whom It May Concern:

As Federal Banking Regulators (“Regulators”) continue to review regulations mandated by the Economic Growth and Regulatory Paper Reduction Act (“EGRPRA”), the undersigned organizations write today in favor of maintaining the current threshold levels for requiring real estate appraisals in protection of safe and sound real estate lending practices.

Currently, real estate appraisals are required under federal law for any real estate loan with a transaction value equal to or greater than \$250,000 and a business loan value equal to or greater than \$1 million. We continue to hear suggestions by some that regulators should increase these threshold levels, with suggestions ranging from a cost-of-living increase or to some other fixed figures.

Our organizations believe that increasing the appraisal threshold levels could have a negative impact on safe and sound real estate lending practices, as it likely would prompt many banks to significantly reduce attention to collateral risk management. The last time the question of whether to adjust appraisal threshold levels was addressed by the Government Accountability Office (GAO), not one stakeholder consulted favored an increase.<sup>1</sup> That GAO investigation also reported that many stakeholders actually supported the reduction or elimination of threshold levels, citing potential benefits to risk management and consumer protection.

The subject of appraisal threshold levels has been a passionate one in some of the EGRPRA field hearings, and we expect the subject to be brought up again during the upcoming hearing in Washington, DC, on December 2. Our organizations strongly support safe and sound lending practices, including judicious policies related to real estate appraisal. We urge regulators to affirm the same viewpoint by maintaining current appraisal threshold levels.

Thank you for considering our position on this important issue. Should you have any questions, please don't hesitate to contact Bill Garber, Director of Government and External Relations for the Appraisal Institute, at 202-298-5586 or [bgarber@appraisalinstitute.org](mailto:bgarber@appraisalinstitute.org), or John D. Russell, Director of Government Relations for the American Society of Appraisers, at 703-733-2103 or [jrussell@appraisers.org](mailto:jrussell@appraisers.org).

Sincerely,

***Appraisal Institute***

***American Society of Appraisers***

***American Society of Farm Managers and Rural Appraisers***

***Columbia Society of Real Estate Appraisers***

***Instituto de Valuadores de Puerto Rico***

***Massachusetts Board of Real Estate Appraisers***

***National Association of Independent Fee Appraisers***

***North Carolina Professional Appraisers Coalition***

***The Farm Credit Council***

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<sup>1</sup> See *Real Estate Appraisals: Appraisal Subcommittee Needs to Improve Monitoring Procedures*. January 2012. Available at <http://gao.gov/assets/590/587735.pdf>