

Joint Release

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Office of the Comptroller of the Currency  
Federal Deposit Insurance Corporation  
Office of Thrift Supervision  
National Credit Union Administration**

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**Agencies Issue Final Appraisal and Evaluation Guidelines**

The federal financial regulatory agencies issued final supervisory guidance today on sound practices by financial institutions for real estate appraisals and evaluations.

Financial institutions use reliable appraisals and evaluations to determine the value of collateral for mortgages and other loans; appraisals and evaluations are integral to institutions' real estate lending. Institutions base credit decisions primarily on borrowers' ability to repay, but institutions also consider the value of real estate collateral as a secondary source of repayment.

The *Interagency Appraisal and Evaluation Guidelines*, which replace 1994 guidelines, explain the agencies' minimum regulatory standards for appraisals. The guidelines incorporate the agencies' recent supervisory issuances on appraisal practices, address advancements in information technology used in collateral valuation practices, and clarify standards for the industry's appropriate use of analytical methods and technological tools in developing evaluations. Financial institutions should review their appraisal and evaluation programs to ensure they are consistent with the guidelines.

The guidelines emphasize that financial institutions are responsible for selecting appraisers and people performing evaluations based on their competence, experience, and knowledge of the market and type of property being valued. Institutions should demonstrate the independence of their processes for obtaining property values, and adopt standards for appropriate communications and information-sharing with appraisers and people performing evaluations, according to the guidelines.

In promoting sound credit decisions, the guidelines emphasize the importance of institutions maintaining strong internal controls to ensure reliable appraisals and evaluations. Institutions also are responsible for monitoring and periodically updating valuations of collateral for existing real estate loans and for transactions, such as modifications and workouts, according to the guidelines.

The Dodd-Frank Wall Street Financial Reform and Consumer Protection Act of 2010 underscores the importance of sound real estate lending decisions; future revisions to the appraisal guidelines may be necessary after regulations are adopted to implement the Act.

Attachment: [Interagency Appraisal and Evaluation Guidelines](#)

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