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## Interagency Statement on Appraisals and Evaluations for Real Estate Related Financial Transactions Affected by the Coronavirus

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Source: **FDIC Financial Institution Letter (FIL-43-2020) April 14, 2020**

On April 14, 2020, the FDIC, FRB, and OCC issued an **interim final rule** temporarily amending their appraisal regulations to provide that **the completion of appraisals and evaluations required under the agencies' appraisal regulations may be deferred by a regulated institution for up to 120 days from the date of closing**. The temporary deferrals apply to all residential and commercial real estate secured transactions, including loans for new money or refinancing transactions, but excluding transactions for acquisition, development, and construction of real estate,

The use of an existing appraisal or evaluation for subsequent transactions may be particularly relevant during the COVID-19 emergency. A financial institution can use an existing evaluation or appraisal instead of obtaining a new appraisal for a subsequent transaction in certain circumstances if the institution can confirm that the evaluation or appraisal remains valid.

The passage of time is a criterion that institutions can consider when determining whether an appraisal remains valid. If the institution determines that the appraisal still reflects market value, the institution may rely on the appraisal based on an acceptable level of risk as evidenced by a loan's LTV ratio and other underwriting criteria.

The deferred appraisals and the interim final rule will sunset on December 31, 2020.

For more information, contact Kyle Curtis, Director of Lending Services, at [kcurtis@younginc.com](mailto:kcurtis@younginc.com) or 330-422-3445.

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Young & Associates, Inc. has provided consulting, training, and practical products for financial institutions for over 41 years. We strive to provide the most up-to-date solutions for our clients' needs, while remaining true to our founding principles and goals – to make managing the bank easier, reduce the regulatory burden, improve the bank's bottom line, and increase shareholder value.