§ 564.3 Appraisals required; transactions requiring a State certified or licensed appraiser.

(a) Appraisals required. An appraisal performed by a State certified or licensed appraiser is required for all real estate-related financial transactions except those in which:

1. The transaction value is $250,000 or less;
2. A lien on real estate has been taken as collateral in an abundance of caution;
3. The transaction is not secured by real estate;
4. A lien on real estate has been taken for purposes other than the real estate’s value;
5. The transaction is a business loan that:
   i. Has a transaction value of $1 million or less; and
   ii. Is not dependent on the sale of, or rental income derived from, real estate as the primary source of repayment;
6. A lease of real estate is entered into, unless the lease is the economic equivalent of a purchase or sale of the leased real estate;
7. The transaction involves an existing extension of credit at the lending institution, provided that:
   i. There has been no obvious and material change in market conditions or physical aspects of the property that threatens the adequacy of the institution’s real estate collateral protection after the transaction, even with the advancement of new monies; or
   ii. There is no advancement of new monies, other than funds necessary to cover reasonable closing costs;
8. The transaction involves the purchase, sale, investment in, exchange of, or extension of credit secured by, a loan or interest in a loan, pooled loans, or interests in real property, including mortgaged-backed securities, and each loan or interest in a loan, pooled loan, or real property interest met OTS regulatory requirements for appraisals at the time of origination;
Office of Thrift Supervision, Treasury § 564.4

(9) The transaction is wholly or partially insured or guaranteed by a United States government agency or United States government sponsored agency;

(10) The transaction either:
   (i) Qualifies for sale to a United States government agency or United States government sponsored agency; or
   (ii) Involves a residential real estate transaction in which the appraisal conforms to the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation appraisal standards applicable to that category of real estate;

(11) The regulated institution is acting in a fiduciary capacity and is not required to obtain an appraisal under other law; or

(12) The OTS determines that the services of an appraiser are not necessary in order to protect Federal financial and public policy interests in real estate-related financial transactions or to protect the safety and soundness of the institution.

(b) Evaluations required. For a transaction that does not require the services of a State certified or licensed appraiser under paragraph (a)(1), (a)(5) or (a)(7) of this section, the institution shall obtain an appropriate evaluation of real property collateral that is consistent with safe and sound banking practices.

(c) Appraisals to address safety and soundness concerns. The OTS reserves the right to require an appraisal under this part whenever the agency believes it is necessary to address safety and soundness concerns.

(d) Transactions requiring a State certified appraiser—
   (1) All transactions of $1,000,000 or more. All federally related transactions having a transaction value of $1,000,000 or more shall require an appraisal prepared by a State certified appraiser.
   (2) Nonresidential and residential (other than 1-to-4 family) transactions of $250,000 or more. All federally related transactions having a transaction value of $250,000 or more, other than those involving appraisals of 1-to-4 family residential properties, shall require an appraisal prepared by a State certified appraiser.
   (3) Complex residential transactions of $250,000 or more. All complex 1-to-4 family residential property appraisals rendered in connection with federally related transactions shall require a State certified appraiser if the transaction value is $250,000 or more. A regulated institution may presume that appraisals of 1-to-4 family residential properties are not complex, unless the institution has readily available information that a given appraisal will be complex. The regulated institution shall be responsible for making the final determination of whether the appraisal is complex. If during the course of the appraisal a licensed appraiser identifies factors that would result in the property, form of ownership, or market conditions being considered atypical, then either:
      (i) The regulated institution may ask the licensed appraiser to complete the appraisal and have a certified appraiser approve and co-sign the appraisal; or
      (ii) The institution may engage a certified appraiser to complete the appraisal.
   (e) Transactions requiring either a State certified or licensed appraiser. All appraisals for federally related transactions not requiring the services of a State certified appraiser shall be prepared by either a State certified appraiser or a State licensed appraiser.

(f) Effective date. Savings associations are required to use State certified or licensed appraisers as set forth in this part no later than December 31, 1992.

§ 564.4 Minimum appraisal standards.

For federally related transactions, all appraisals shall, at a minimum:

(a) Conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation, 1029 Vermont Ave., NW., Washington, DC 20005, unless principles of safe and sound banking require compliance with stricter standards.
(b) Be written and contain sufficient information and analysis to support...