

FEDERAL RESERVE BANK
OF NEW YORK

April 27, 1992

REAL ESTATE APPRAISAL STANDARDS

Clarification of Effective Dates

To All State Member Banks and Bank Holding
Companies in the Second Federal Reserve District:

In July 1990, the Board of Governors of the Federal Reserve System amended its Regulations H and Y to implement Federal statutory provisions regarding real estate appraisal standards. The amendments set forth minimum appraisal standards applicable to federally related transactions, effective August 9, 1990; they also provided that these appraisals must be performed by State certified or licensed appraisers beginning July 1, 1991. The latter date was subsequently extended to December 31, 1992, in conformity with the Federal Deposit Insurance Corporation Improvement Act of 1991. The amendments, and notice of extension, were sent to you with our Circular No. 10362, dated July 24, 1990, and Circular No. 10509, dated January 16, 1992.

Please note that the effective date of the appraisal standards themselves--August 9, 1990--was not deferred. In this regard, the February 1992 update to the Federal Reserve Regulatory Service (FRRS) incorrectly indicated a change in the definition of federally related transactions to ". . . transactions entered into on or after December 31, 1992." The March 1992 update now reflects the correct date (August 9, 1990).

With respect to compliance with the use of State certified or licensed appraisers, please also note that the compliance date is "not later than" December 31, 1992. If the State in which the transaction occurs adopts an earlier "mandatory or mandatory/federally related" program for the use of such appraisers, financial institutions must use such appraisers at that earlier time; in all other States, the mandatory use of State certified or licensed appraisers will be effective December 31, 1992.

Please call me (212-720-8324) if you have questions.

BARBARA A. KLEIN
Manager
Domestic Banking Department