

**FEDERAL RESERVE BANK
OF NEW YORK**

[Circular No. **10668**
November 29, 1993]

REAL ESTATE APPRAISAL REQUIREMENTS

Interagency Proposal to Amend Real Estate Appraisal Standards

Additional Comments Requested by December 10

*To All State Member Banks, Bank Holding
Companies, and Branches and Agencies of
Foreign Banks, in the Second Federal Reserve District:*

The following statement was issued by the Board of Governors of the Federal Reserve System requesting additional comment on an interagency proposal (see our Circular No. 10644, dated June 17, 1993) to amend the real estate appraisal standards. The agencies have placed supplemental information into the rulemaking record regarding the proposed increase from \$100,000 to \$250,000 in the threshold level below which an appraisal is *not* required pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989:

The Federal Reserve Board and other financial institutions regulatory agencies have requested comment on supplemental information to the proposed rule on real estate appraisals.

Comment is requested by December 10, 1993.

On June 4, 1993, the agencies jointly published a proposed rule that would amend their regulations on appraisals. The agencies now request comment on supplemental information that relates primarily to the proposed increase from \$100,000 to \$250,000 in the threshold level below which a licensed or certified appraisal is not required.

The supplemental information includes:

- 1992 and 1993 surveys by the Federal Reserve Board of its examination staff relating to the staff's experience with the existing \$100,000 threshold;
- comments received from the Federal Reserve Banks that were not previously included in the public file on the proposed rule;
- a 1993 survey by the OCC of supervisory examination staff regarding the potential effects of the proposed amendments;
- a 1993 OTS survey of its senior examination staff regarding the threshold level;
- a 1993 FDIC survey of its senior supervisory staff regarding the proposed amendments;
- a publication by the General Accounting Office (GAO) entitled *Thrift Failures: Costly Failures Resulted from Regulatory Violations and Unsafe Practices* (June 1989);
- a GAO publication entitled *Bank Regulation: Regulatory Impediments to Small Business Lending Should be Removed* (September 1993);
- statistics on the size and distribution of small business loans obtained from depository institutions, Federal Reserve 1993, based on the National Survey of Small Business Finances, co-sponsored by the Federal Reserve Board and Small Business Administration (1987);
- a summary of data from call reports for commercial banks and thrift financial reports, and other industry and government sources;

- FDIC Quarterly Bank profiles (1987-1992);
- public comments already received; and
- other material incorporated into the administrative records on the proposed rules.

The complete package of supplemental information is available from each agency.

Printed on the following pages is the text of the Interagency Notice, which has been reprinted from the *Federal Register*. The supplemental information referred to in the above statement and in the official notice is available from the appropriate agency at the locations indicated therein. Comments on the proposal may be directed to the Board of Governors, at the address indicated in the notice, or to our Domestic Banking Department; questions regarding this matter may be directed, at this Bank, to Barbara A. Klein, Manager of our Domestic Banking Department (Tel. No. 212-720-8324).

WILLIAM J. McDONOUGH,
President.

DEPARTMENT OF THE TREASURY**Office of the Comptroller of the Currency**

12 CFR Part 34
 [Docket No. 93-10]
 RIN 1557-AB34

FEDERAL RESERVE SYSTEM

12 CFR Part 225
 [Regulation Y; Docket No. R-0803]
 RIN 7100-AB20

FEDERAL DEPOSIT INSURANCE CORPORATION

12 CFR Part 323
 RIN 3064-AB05

DEPARTMENT OF THE TREASURY**Office of Thrift Supervision**

12 CFR Parts 545, 563, 564
 [Docket No. 93-214]
 RIN 1550-AA64

Real Estate Appraisals

AGENCIES: Office of the Comptroller of the Currency, Treasury; Board of Governors of the Federal Reserve System; Federal Deposit Insurance Corporation; and Office of Thrift Supervision, Treasury.

ACTION: Proposed rule; availability of supplemental information.

SUMMARY: On June 4, 1993, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (Board), the Federal Deposit Insurance Corporation (FDIC), and the Office of Thrift Supervision (OTS) (collectively the agencies) published a proposed rule that would amend the agencies' regulations regarding appraisals of real estate pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. One of the proposed amendments was to increase from \$100,000 to \$250,000 the threshold level at or below which an appraisal is not required pursuant to Title XI.

The agencies are placing supplemental information into the rulemaking record primarily relating to the proposed increase in the threshold level and requesting written comment on those materials as well as on public comments previously received.

DATES: Written comments must be received by December 10, 1993.

ADDRESSES: Please direct comments as indicated below. Documents identified in this notice will be available at the locations for inspection and copying of comments.

Office of the Comptroller of the Currency

Communications Division,
 Comptroller of the Currency, 9th Floor,
 250 E Street, SW., Washington, DC
 20219, Attention: Docket No. 93-10.
 Comments will be available for public
 inspection and photocopying at the
 same location.

Board of Governors of the Federal Reserve System

Comments, which should refer to Docket No. R-0803, may be mailed to Mr. William Wiles, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue NW., Washington, DC 20551. Comments addressed to Mr. Wiles may also be delivered to the Board's mail room between 8:45 a.m. and 5:15 p.m., and to the security control room outside of these hours. Both the mail room and control room are accessible from the courtyard entrance on 20th Street between Constitution Avenue and C Street, NW. Comments may be inspected in room MP-500 [(202) 452-3684] between 9 a.m. and 5 p.m., except as provided in § 261.8 of the Board's Rules Regarding Availability of Information, 12 CFR 261.8.

Federal Deposit Insurance Corporation

Send comments to Hoyle L. Robinson, Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, NW., Washington, DC 20429. Comments may be hand delivered to room F-402, 1776 F Street, NW., Washington, DC on business days between 8:30 a.m. and 5 p.m. [FAX number (202) 898-3838] Comments will be available for inspection and photocopying in room 7118, 550 17th Street, NW., Washington DC between 9 a.m. and 4:30 p.m. on business days.

Office of Thrift Supervision

Send comments to Director, Information Services Division, Public Affairs, Office of Thrift Supervision, 1700 G Street, NW., Washington, DC 20552, Attention Docket No. 93-214. These submissions may be hand delivered to 1700 G Street, NW., from 9 a.m. to 5 p.m. on business days; they may be sent by facsimile transmission to FAX number (202) 906-7755. Submissions must be received by 5 p.m. on the day they are due in order to be considered by the OTS. Late-filed, misaddressed or misidentified submissions will not be considered in this rulemaking. Comments will be available for inspection at 1700 G Street, NW, from 1 p.m. until 4 p.m. on business days. Visitors will be escorted

to and from the public reading room at established intervals.

FOR FURTHER INFORMATION CONTACT:

Office of the Comptroller of the Currency

Thomas E. Watson, National Bank Examiner, Office of the Chief National Bank Examiner, (202) 874-5170; or Horace G. Sneed, Senior Attorney, or Stephen Freeland, Attorney, (202) 874-4460, Bank Operations and Assets Division.

Board of Governors of the Federal Reserve System

Roger H. Pugh, Assistant Director, (202) 728-5883; Stanley B. Rediger, Supervisory Financial Analyst (202) 452-2629, or Virginia M. Gibbs, Supervisory Financial Analyst, (202) 452-2521, Division of Banking Supervision and Regulation; or Gregory A. Baer, Senior Attorney (202) 452-3236 or Christopher Bellini, Attorney (202) 452-3269, Legal Division.

Federal Deposit Insurance Corporation

Robert F. Miailovich, Associate Director, (202) 898-6918; James D. Leitner, Examination Specialist, (202) 898-6790, Division of Supervision; or Walter P. Doyle, Counsel, (202) 898-8682, Legal Division.

Office of Thrift Supervision

Robert Fishman, Senior Program Manager, Credit Risk, Supervision Policy, (202) 906-5672; Deirdre G. Kwartunas, Policy Analyst, Supervision Policy, (202) 906-7933; Ellen J. Sazzman, Counsel (Banking and Finance), Regulations and Legislation Division, Chief Counsel's Office, (202) 906-7133.

SUPPLEMENTARY INFORMATION: On June 4, 1993, the agencies published a proposed rule that would amend the agencies' regulations regarding appraisals of real estate pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. Real Estate Appraisals, 58 FR 31878 (June 4, 1993). The notice of proposed rulemaking requested that comments be provided by July 19, 1993.

The agencies believe the public interest will be served by allowing interested parties to comment on supplemental information relating primarily to the proposed increase in the threshold level from \$100,000 to \$250,000. Therefore, the agencies invite written comments on: (i) 1992 and 1993 surveys by the Board of its examination staff with respect to the staff's experience with the \$100,000 threshold; (ii) comments received by the Board

from the Federal Reserve Banks that were not previously included in the public file; (iii) a 1993 survey by the OCC of supervisory examination staff regarding the potential effects of the proposed amendments; (iv) a 1993 survey by the OTS of its senior examination staff regarding the threshold level; (v) a 1993 survey by the FDIC of its senior supervisory staff regarding the proposed amendments; (vi) Thrift Failures: Costly Failures Resulted from Regulatory Violations and Unsafe Practices, General Accounting Office (June 1989); (vii) Bank Regulation: Regulatory Impediments to Small Business Lending Should Be Removed, General Accounting Office (Sept. 1993); (viii) statistics on the size and distribution of small business loans obtained from depository institutions, Federal Reserve 1993, based on the National Survey of Small Business Finances, co-sponsored by the Federal Reserve Board and Small Business Administration (1987); (ix) summary of data obtained from the Consolidated Reports of Condition and Income (Call Reports) for commercial banks, Thrift Financial Reports (TFR), and other industry and government sources; (x) FDIC Quarterly Banking Profiles (1987-1992); and (xi) other material incorporated into the administrative records available for inspection at the agencies. A summary prepared by OCC and OTS staff of the surveys of supervisory examination staff, Call Report and TFR data, and other material is also included in the OCC, OTS, and FDIC records.

The agencies invite written comment on these materials and on the public comments already received on the proposal. Comments should focus on the implications of these materials and public comments for the proposed increase in the appraisal threshold to \$250,000, or a different level. The agencies also encourage comments on the applicability of thrift data to commercial bank experience and of commercial bank data to thrift experience. Comments already received in response to the June 4, 1993 notice of proposed rulemaking will be considered in conjunction with comments received in response to this notice.

Dated: October 12, 1993.

Eugene A. Ludwig,
Comptroller of the Currency.

Dated: November 5, 1993.

Jennifer J. Johnson,
Associate Secretary of the Board, Federal Reserve System.

Dated: October 29, 1993.

Hoyle L. Robinson,
Executive Secretary, Federal Deposit Insurance Corporation.

Dated: November 3, 1993.

Jonathan L. Fiechter,
Acting Director, Office of Thrift Supervision.

[FR Doc. 93-27724 Filed 11-9-93; 8:45 am]

BILLING CODES 4810-03-P; 6210-01-P; 6714-01-P; 6720-01-P