

Flood Disaster: Temporary Real Estate Appraisal Exceptions in Louisiana Parishes Declared to Be in a Major Disaster Area

Summary

The Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration (collectively, the agencies) are exempting real estate-related transactions in Louisiana parishes declared to be in a major disaster area by President Obama on August 14, 2016, following severe storms and flooding. The agencies are providing relief for these transactions from appraisal requirements under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 and its implementing regulations. The agencies will jointly publish the attached statement and order in the *Federal Register*.

To

Chief Executive Officers of All National Banks, Federal Savings Associations, and Federal Branches and Agencies of Foreign Banks; Department and Division Heads; All Examining Personnel; and Other Interested Parties

Note for Community Banks

This guidance applies to all national banks and federal savings associations with loans secured by real estate located in the affected areas.

Highlights

Section 2 of the Depository Institutions Disaster Relief Act of 1992 authorizes the agencies to make exceptions to statutory and regulatory requirements related to appraisals for certain transactions. The exceptions are available for transactions that involve real property in major disaster areas if the agencies determine that the exceptions would facilitate recovery from the disaster and would be consistent with safety and soundness. The agencies have made these determinations and grant exceptions to the appraisal requirements, provided certain criteria are met.

To qualify for this exception, the depository institution would maintain appropriate documentation of the following:

- The transaction involves real property located in one of the Louisiana parishes declared to be in the major disaster area by the President on August 14, 2016.¹
- There is a binding commitment to fund the transaction entered into between August 14, 2016, and no later than December 31, 2017.
- The value of the real property supports the depository institution's decision to enter into the transaction.

In addition, the transaction continues to be subject to review by institution management and by the agencies in the course of examinations of the depository institutions.

Depository institutions are encouraged to refer to OCC Bulletin 2010-42, "Sound Practices for Appraisals and Evaluations: Interagency Appraisal and Evaluation Guidelines." Bulletin 2010-42 addresses prudent standards for preparing collateral valuations on properties for transactions that qualify for an exception.

This exception expires on December 17, 2017.

Further Information

Please contact Robert Parson, Senior Appraisal Policy Advisor, Chief National Bank Examiner's Office, at (202) 649-6670.

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¹ Refer to Major Disaster Declaration DR-4273 "Louisiana Severe Storms and Flooding."

Related Link

- [Federal Register Statement and Order, "Temporary Exceptions to FIRREA \(Financial Institutions Reform, Recovery, and Enforcement Act of 1989\) Appraisal Requirements in Areas Affected by Severe Storms and Flooding in Louisiana"](#) (PDF)

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