

Federal Institutions Reform, Recovery and Enforcement Act of 1989.

12 CFR

Banks and Banking

CHAPTER I

**COMPTROLLER OF THE CURRENCY, DEPARTMENT OF THE
TREASURY**

PART 34 -- REAL ESTATE LENDING AND APPRAISALS

§34.44 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 the institution's decision to engage in the transaction;
- (c) Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units;
- (d) Be based upon the definition of market value* as set forth in this subpart; and
- (e) Be performed by State licensed or certified appraisers in accordance with requirements set forth in this subpart.

[59 FR 29500, June 7, 1994]

*(g) *Market value* means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair

sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.