

# FEDERAL RESERVE BANK OF SAN FRANCISCO

101 MARKET STREET, SAN FRANCISCO, CALIFORNIA

October 31, 2005

## **BANKING SUPERVISION AND REGULATION: REAL ESTATE APPRAISAL EXCEPTIONS IN MAJOR DISASTER AREAS**

To State Member Banks, Bank  
Holding Companies, U.S. Branches  
and Agencies of Foreign Banks,  
and Others Concerned,  
in the Twelfth Federal Reserve District

### **Appraisal Waivers for areas Affected by Hurricanes Katrina and Rita (SR 05-18)**

The Federal Reserve Board has approved an order waiving its appraisal requirements for three years for regulated financial institutions affected by Hurricanes Katrina and Rita. This action was coordinated with the Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Office of Thrift Supervision, and National Credit Union Administration, collectively referred to as “the agencies.”

The waiver covers transactions involving real estate located in certain Alabama, Mississippi, and Texas counties and Louisiana parishes that have been designated by the Federal Emergency Management Agency (FEMA) as qualifying for “Individual and Public Assistance (all categories)” and “Individual and Public Assistance (Categories A and B)” as a result of Hurricanes Katrina and Rita. A listing of the designated disaster areas is in the appendix of the attached docket. Exceptions for the major disaster declared due to Hurricane Katrina will expire on August 29, 2008, in Alabama, Mississippi, and Louisiana, and for Hurricane Rita on September 24, 2008, in Louisiana and Texas.

To qualify for the waiver, a financial institution needs to document that: (1) the transaction involves real property located in the designated disaster areas; (2) the property involved was directly affected by the major disaster or the transaction would facilitate recovery from the disaster(s); (3) there is a binding commitment to fund the transaction that is made within three years after the date the major disaster was declared; and (4) the value of the real property supports the institution’s decision to enter into the transaction.

This waiver is being issued pursuant to the authority granted to the agencies under the Depository Institutions Disaster Relief Act (DIDRA) of 1992. The act allows for the appraisal requirements of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) and the agencies’ appraisal regulations to be waived for up to 36 months when the President of the United States determines that a major disaster exists and the agencies determine that such waiver would both facilitate recovery in the disaster area and be consistent with safety and soundness.

### **Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco’s Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the appraisal waivers, please contact our Banking Supervision and Regulation Department at (415) 974-2112.

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[Attachment: Federal Reserve Board Docket](#)