Question:

We have a loan in the amount of $1,200,000 secured by six single family residences. Is an evaluation or appraisal required on each property?

Answer:

The final rule, issued in April 2018, that increased the appraisal threshold on commercial real estate transactions from $250,000 to $500,000 also clarified that a loan not secured by a SINGLE 1-to-4 residential property meets the definition of a commercial real estate transaction and the $500,000 appraisal threshold would apply in those situations.

Remember that when multiple properties secure a single transaction, it is the estimated value of each property that determines if an evaluation or appraisal is required and not the value of the transaction itself. If multiple properties secure a loan, that threshold is $500,000 for each property.

…snip

SUMMARY: The OCC, Board, and FDIC (collectively, the agencies) are adopting a final rule to amend the agencies’ regulations requiring appraisals of real estate for certain transactions. The final rule increases the threshold level at or below which appraisals are not required for commercial real estate transactions from $250,000 to $500,000. The final rule defines commercial real estate transaction as a real estate-related financial transaction that is not secured by a single 1-to-4 family residential property. It excludes all transactions secured by a single 1-to-4 family residential property, and thus construction loans secured by a single 1-to-4 family residential property are excluded. For commercial real estate transactions exempted from the appraisal requirement as a result of the revised threshold, regulated institutions must obtain an evaluation of the real property collateral that is consistent with safe and sound banking practices.

Source [link](#).