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Working with Real Estate Appraisals in the United States

by Malcolm K. Montgomery*

Introduction

Every parcel of real property is unique. So too is each appraisal of a property's market value. Effectively appraising real estate is both an art and a science. Variables are considered, assumptions are made and adjustments are computed. But appraisals are, by their very nature, subjective. The end result is no more than a professional opinion of value. Thus, cynics may speculate that "appraisal seems chiefly useful as appraisal of the appraiser."¹

The challenge for the investor in United States real estate, the banker or the lawyer is to determine whether the methodology and analysis employed and the conclusions reached in a real estate appraisal report are logical and consistent with established and accepted practices. When mistakes are made, are they harmless error, or is the report flawed to the point of being defective and misleading? Only a highly critical reading of the appraisal report will reveal the answer. This article is intended to provide non-appraisers with the background information and basic tools needed to work effectively with real estate appraisals in the United States and to critique appraisal reports.

Uniform Standards

The Uniform Standards of Professional Appraisal Practice (USPAP) comprises the most significant body of rules applicable to U.S. professional real estate appraisers and their reports. Published by the Appraisal Standards Board of the Appraisal Foundation, USPAP has been adopted by

the local boards of appraisal or other regulatory authorities in all fifty states and by numerous federal regulatory agencies. Under USPAP, there are three types of real estate appraisal reports: (1) a self-contained appraisal report, (2) a summary appraisal report and (3) a restricted use appraisal report. The difference is the minimum level of information and content required by USPAP.² A self-contained appraisal report contains the most information, while a restricted use appraisal report contains the least. USPAP Standards Rule 2-2 lays out the minimum content of each type of written report in detail. Note, however, that while the scope of the reports differs, the work performed by the appraiser is largely the same. Thus, for example, supporting information not contained in a summary appraisal report that would have been included in a self-contained appraisal report should nonetheless be found in the appraiser's workfile for the assignment.

Defining Market Value

The purpose of most U.S. real estate appraisals is to set forth an informed opinion of the market value of a property predicated on a hypothetical transfer of the property as of a specified date. Rather than setting forth an inflexible definition, USPAP permits the appraiser to set forth in his appraisal report the conditions that are assumed to apply to the transfer of the property. These conditions vary from case to case, but may include assumptions about the knowledge or motivation of the buyer and seller, the payment terms of the sale, the length of time the property is marketed prior to sale and other factors. Thus, a customary definition might define "market value" as the most probable price at which the subject property would sell in a competitive market, with the buyer and the seller

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each acting freely, prudently, knowledgeably, and in his or her own self-interest, and assuming the price is not affected by undue stimulus.³

The term “market value” should not be confused with the term “fair value”. The former is an appraisal term, whereas the latter is an accounting term (and has been defined in several Financial Standards Accounting Board Statements). Regulations applicable to certain categories of financial institutions require that real estate held on their books be valued at fair value. The principal distinction between the two is that “fair value” assumes that the asset will be marketed and sold in the future, whereas “market value” typically assumes that the asset is sold on the date of the appraisal report.

Market value should also be distinguished from “liquidation value.” Liquidation value refers to the amount that would be realized if the seller were compelled to sell the property, on an “as-is” basis. Whereas market value presumes that a reasonable time will be allowed for exposure of the property in the open market prior to sale, liquidation value presumes that the sale follows an abbreviated marketing period. As such, liquidation value will always be lower than market value.

Three Approaches to Valuation

U.S. Real estate appraisers follow three approaches in determining market value:

- *The Sales Approach*, in which market value is determined by reference to sales of comparable properties, which are adjusted upward or downward by the appraiser to account for differences between the subject property and the comparable properties.
- *The Income Approach*, in which market value is determined either (i) by discounting to present value at an appropriate discount rate the estimated future flow of net operating income from the property over an assumed holding period, or (ii) by applying an appropriate

capitalization rate (cap rate) to the annual net operating income of the property.

- *The Cost Approach*, in which market value is determined by adding the value that the land would have if it were vacant and unimproved (determined using one of the approaches above) to the estimated reproduction cost (net of accrued depreciation) of any improvements on the land.

Each approach brings with it a unique set of potential pitfalls of which the reader of the appraisal report should be cognizant (some of which will be reviewed below). In addition, not every approach will necessarily be applicable to every property. For example, the sales approach may not provide a meaningful analysis if no discernable market exists for sales of properties of the type being appraised. Similarly, the income approach cannot be used to value non-income producing properties. Finally, the cost approach is of little use in valuing older properties as to which reproduction cost may be irrelevant and depreciation may be difficult to quantify. A well-written appraisal report should contain a detailed discussion explaining why any one of the three approaches to valuation was deemed inapplicable by the appraiser.

Supplemental Standards

USPAP provides that an appraiser and his client may agree to supplement the minimum requirements for real estate appraisals set forth in USPAP with “supplemental standards”.⁴ Such supplemental standards may consist of regulatory requirements issued by U.S. governmental agencies or other entities that establish public policy. USPAP provides that an appraiser is only permitted to accept supplemental standards if they do not diminish any of the requirements otherwise mandated by USPAP.

FIRREA and “Federally Related Transactions”

The best known body of supplemental standards in the United States is Title XI of the Financial Institutions

Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and the regulations and guidelines issued thereunder.⁵ FIRREA was part of the response of the U.S. Congress to the lax real estate loan underwriting standards that prevailed among regulated financial institutions in the mid to late 1980s. Lawmakers were concerned that too many of the bad real estate loans of that era could trace their origins to inadequate or unfairly biased real estate appraisals. As a result, the FIRREA appraisal requirements – set forth in the regulations and guidelines published by the federal financial institutions regulatory agencies (U.S. Oversight Agencies)⁶ – apply to “federally related transactions”.

For most purposes, a “federally related transaction” is a transaction in which real property is taken as collateral in a financing or refinancing by a federally regulated financial institution. “Federally regulated financial institutions” include U.S. commercial banks, savings and loan associations, credit unions, bank holding companies and non-bank subsidiaries of bank holding companies, as well as any foreign bank with a branch office or agency in the United States.⁷ If the originator of the loan is not one of these types of institutions, then the FIRREA appraisal requirements will not apply. For example, a German bank which does not maintain offices in the United States and which books all of its U.S. real estate loans in Germany will not itself need to comply with the FIRREA requirements. Syndication and liquidity concerns may nonetheless compel the German bank to require FIRREA-compliant appraisals when it originates U.S. mortgage loans. This is so because banks that qualify as federally regulated financial institutions (whether because they are U.S. banks or foreign banks with branch offices or agencies in the U.S.) may only purchase an assignment of or participation interest in a U.S. mortgage loan for which the FIRREA appraisal requirements have been satisfied.

At the local level, most U.S. states have established a state board of appraisal or similar body through which to license and certify appraisers and to administer local examination and continuing education requirements. Because these boards were largely established (or overhauled) in response to FIRREA and the minimum requirements FIRREA

contemplates, this article will focus on FIRREA itself. To be FIRREA-compliant, all appraisals must, at a minimum:

- Conform to USPAP (unless safe and sound banking principles require compliance with stricter standards);
- Be in writing and contain information and analysis sufficient to support the decision by the financial institution to engage in the transaction (*i.e.*, make the loan or agree to the refinancing);
- Include appropriate downward adjustments for proposed construction, vacant space, non-market lease terms and unsold units;
- Use the standard definition of market value set forth in the regulations; and
- Be performed by state-licensed or certified appraisers.⁸

FIRREA Exemptions

As a result of certain exemptions provided for under FIRREA, not all federally related transactions require a FIRREA-compliant appraisal. More specifically, such appraisals are not required for any of the following transactions (among others):

- Transactions of \$250,000 or less (the “*de minimis* threshold”).
- Liens taken out of an “abundance of caution”.
- Liens taken for purposes other than the value of the real estate (for example, to ensure access to other collateral or to the ability to sell a business as a going concern).
- Transactions involving an operating lease that does not effectively constitute a purchase or sale of the leased property.
- An extension, renewal or refinancing in which (i) there has been no obvious and material change to the property that threatens its adequacy as

collateral or (ii) no new funds are advanced other than those necessary to cover reasonable closing costs.

- Transactions not secured by real estate (even if the proceeds are used to acquire or invest in real estate).
- Purchase of an existing real estate secured loan (or pool of loans) that complied with any applicable FIRREA appraisal requirements at the time the loan was originated.⁹

New Appraiser Independence Guidelines

On October 27, 2003, the U.S. Oversight Agencies issued a statement that tightened the FIRREA-related guidelines applicable to maintaining appraiser independence.¹⁰ Under the new statement, each appraiser must be *directly engaged* by the institution or its agent. The only exception to this rule is that a financial institution may use an appraisal prepared for another “financial services institution” (not defined) if it determines that the appraisal is FIRREA compliant and otherwise acceptable. Notably, the appraiser may *not* be recommended by the borrower or selected by the borrower from the financial institution’s approved list. Similarly, use of an appraisal ordered by the borrower is strictly prohibited.

Given the exception in the guidelines described above which permits use of an appraisal originally prepared for another institution, financial institutions have understandably begun to ask how such appraisals should be addressed to the second institution. Awkwardly, so-called “readdressed appraisals” – appraisals altered by the appraiser to replace references to the original client with the name of another financial institution – are flatly prohibited under the new guidelines, without exception. Absent further clarification of this issue from the U.S. Oversight Agencies, the best practice appears to be for the second institution to formally retain the appraiser to prepare a new appraisal as of the same valuation date and otherwise under the same conditions applied in preparing the

existing appraisal. The appraiser can then do so on the basis of his workfile for the existing appraisal with a modicum of additional work. While this approach is somewhat cumbersome and more time consuming than simply readdressing the existing appraisal, it is the only approach that appears to safely navigate the prohibitions in the new guidelines.

Engaging an Appraiser

The U.S. Oversight Agencies specifically encourage financial institutions to use a written engagement letter when ordering an appraisal, and to keep a copy of the engagement letter in the permanent loan file.¹¹ The engagement letter then acts as evidence that the appraisal assignment was undertaken in a manner compliant with the financial institution’s standard procedures and with FIRREA regulations and guidelines.

An engagement letter can serve another function if the real estate appraisal is being undertaken in connection with or in anticipation of litigation. If the engagement letter identifies the attorney as the client and specifically refers to litigation or potential litigation as the purpose for the appraisal, then it may be possible to cloak the appraisal with the “qualified privilege” that is reserved for attorney work product in the United States. This would mean that the appraisal could not be introduced as evidence by opposing counsel in a U.S. litigation unless the material forming the basis for the testimony could not be duplicated and injustice would result if the testimony were withheld – a tough standard for any adversary to satisfy.¹²

When engaging an appraiser, care must be taken to select an appraiser with appropriate qualifications. Note that individuals, rather than their employer organizations, are the holders of appraiser licenses and certifications. Thus, the fact that many of the appraisers employed by an appraisal firm are properly licensed or certified will be of no significance if the appraiser who actually performs the work fails to have the proper credentials. The Member Appraisal Institute (MAI) designation is awarded by the Appraisal Institute

to commercial appraisers with demonstrated qualifications, which include successfully completing a demonstration narrative appraisal, taking a series of prescribed courses, and passing a nine-hour comprehensive examination. Although many highly qualified appraisers do not hold the MAI designation, it is a recognized sign of achievement within the field.

Contents of an Appraiser Engagement Letter

Once the appraiser has been selected, what topics should be included in an appraiser engagement letter? Although practices vary from institution to institution, the following is representative of the topics generally covered:

- A description of the property or interests to be appraised.
- The definition of “market value” to be used.
- The valuation date as of which market value should be determined.
- The purpose for which the appraisal report is to be used.
- The standards applicable to preparation of the appraisal. As discussed above, these typically include USPAP, FIRREA and any applicable state regulations. The client may also require that the appraiser follow a set of supplemental guidelines provided by the client. Such contractual guidelines are often attached to the engagement letter.
- The required format of the report and level of detail to be provided (*e.g.*, “The appraisal report shall consist of a self-contained report which shall comply with the reporting requirements set forth by USPAP for self-contained appraisal reports.”)
- The appraisal fee and any travel or other expenses that will be reimbursed by the client.
- The deadline for delivery of the appraisal report.

The items listed above are the essential items that every appraiser engagement letter should cover. But engagement

letters are often the subject of negotiation, and some institutions may require that the following additional items be included:

- A statement that ownership of the report shall vest in the client and that the client will have the right to share copies of the completed report with other interested parties.
- Specification of late charges that may be imposed for late delivery of the appraisal report.
- A certification by the appraiser that the appraiser has no present or contemplated future interest in the property or personal or business relationships with the property owner or its affiliates.
- A prohibition on any disclaimers of professional liability by the appraiser in the report.
- An acknowledgement that the client retains the right to terminate the engagement.
- A requirement that specific computer software be used in making supporting calculations, and a statement that computer data files will be submitted to the client along with the appraisal report.
- A confidentiality agreement consistent with USPAP.

Critical Analysis of an Appraisal Report

Once the appraisal has been completed and the appraisal report has been prepared and submitted to the client, the real challenge is at hand. The recipient of the report must now critically review the analysis presented and the conclusions reached and satisfy himself that the appraisal report presents a fair analysis, adequately supported by the underlying facts, resulting in a logical, unbiased opinion of the market value of the subject property. What are the crucial issues to look for when conducting such a review? Although each appraisal is unique, following is a list of the common pitfalls that one should take care to identify.

Improper Identification of the Property

The fact that an appraiser failed to fully understand or account for the property or rights being appraised may not be obvious on the face of the appraisal report. To take a straightforward example, there are significant differences between a “fee simple estate” and a “leased fee estate”. The former is an ownership interest that is appraised as if unencumbered by any other interest, whereas the latter is an ownership interest that is appraised as if subject to the terms of any existing leases under which the property owner acts as lessor. If a building full of commercial tenants is erroneously appraised as a fee simple estate rather than a leased fee estate, the resulting market value could be substantially higher in a leasing market that is rising and substantially lower in a leasing market that is falling.

Other property rights that an appraiser might fail to properly account for could include beneficial easements (such as parking rights on neighboring land) or future development rights. When such rights comprise valuable features of a property, they should be specifically identified in the appraiser engagement letter and the appraiser should be required to seek input from appropriate experts (*e.g.*, a zoning counsel or architect).

“Comps” That Are Not Comparable

The accuracy of any appraisal employing the sales approach to valuation largely depends upon identifying comparable sales (or comps) of similar properties. The number of comps must be adequate. One or two is insufficient. The “street appeal” of each comp should be reasonably comparable to the subject property. Each comp and the subject property should share similar highest and best use characteristics. In other words, the sale of a class B office building that the purchaser expects to convert to condominium apartments (the building’s highest and best use) is probably not indicative of the value of another class B office building as to which the highest and best use is as an office building. And most importantly, the comps should all be relatively recent transactions. While a dearth of recent sales activity may

be evidence of a static market, it is more likely evidence of a falling (or fallen) market. In such cases, a thorough appraiser will interview active market participants to better assess market conditions.

Inappropriate Adjustments

It should come as no shock to anyone that some comps are better than others. When the physical and other characteristics of the property being appraised are compared to those of the comps, a frequent result is an adjustment (positive or negative) to the value indicated by each comp. If the comp has more attractive characteristics than the subject property, then when applying the sales approach the appraiser should make a downward adjustment to the sales price indicated for the subject property by the comp. If, for example, a comp has larger floor plates that are more attractive to tenants than the floor plates of the subject property, then the appraiser should make a downward adjustment to the value indicated by that comp. The reverse is true if the comp has less attractive features than the subject property. Whatever the direction of the adjustment, however, the rationale for it (and the amount of the adjustment) should be described in reasonable detail in the appraisal report.

Look for a pattern in the adjustments. Is each adjustment reasonable and consistent with common sense? If all adjustments are optimistic or pessimistic relative to their impact on the market value of the subject property, then the appraiser may be showing inadvertent bias.

Faulty Net Income Projections

For any appraisal employing the income approach to valuation, assumptions made about the property’s net cash flow will be key to the accuracy of the valuation. The leases in place at the property should support the assumed cash flow. If they do not, then the assumptions made about future rents and vacancy and absorption rates at the property should be consistent with the market data described elsewhere in the appraisal report. For example, if the appraisal report describes a market with rising vacancy

rates and falling rents, then the appraiser should not be assuming steadily increasing rents as space becomes available in the building. Similarly, beware of any sudden and dramatic increase in rental rates (a so called “rent spike”) absent unusual circumstances or conditions affecting the property.

Problematic assumptions can also infect the expense side of the ledger. The appraiser must make appropriate assumptions about the portion of property operating expenses that will be recouped from tenants. A 100% reimbursement rate is generally not an appropriate assumption. Growth in expenses will generally outpace income growth over the long term as a building ages. Accordingly, the property’s expense ratio (operating expenses as a percentage of gross income) should not decline over a projection period. Finally, assumptions about a property’s operating expenses should be consistent with those of comparable properties. For example, if comparable properties generally have operating expenses averaging \$10 per square foot, then it is unreasonable (absent extraordinary circumstances) for the appraiser to assume that the subject property will have operating expenses of only \$5 per square foot.

Unsupported Discount Rates or Capitalization Rates

Even small adjustments to the discount rate or cap rate may have a significant effect on the final estimate of market value when applying the income approach to valuation. Accordingly, a well-written appraisal report should give more than a perfunctory explanation of how these rates were derived. A statement, for example, that a rate applied by the appraiser was supported on the basis of “discussions with private developers” without further amplification is not sufficient.

An appropriate discount rate should be derived on the basis of yields available on other investments with similar risk profiles over similar holding periods. Representative descriptions of those alternative investments and the discount rates they command should appear in the report.¹³ An appropriate cap rate should be derived on the basis of

the cap rates prevailing in sales of comparable properties. Where sales comps are unavailable, a cap rate can be constructed through the application of so-called “band-of-investment,” “yield capitalization” or “debt coverage” formulas. Explanation of these formulas is beyond the scope of this article. When any of these methods are relied upon in an appraisal report, however, the reader should be prepared to give the analysis a particularly close review.

Failure to Fully Account for Depreciation

In the cost approach to valuation, the market value of a property is constructed by adding the value of the land (assumed to be vacant for purposes of the valuation) to the “depreciated” replacement cost of the physical improvements. The depreciation to be accounted for, however, should not be confused with the accounting term. Appraisers consider three forms of depreciation:

- *Physical depreciation*, which refers to the actual physical wearing out of the improvements as determined during the appraiser’s field inspection.
- *Functional obsolescence*, which refers to any lack of desirability by reason of layout, style or design.
- *External obsolescence*, which refers to a loss of value from causes outside the subject property itself.

Physical depreciation is subtracted from the replacement cost of the improvements to reflect a reduction in value most typically associated with a building’s chronological age. Although high levels of maintenance may mitigate the amount of this deduction, it would be very unusual (except in the case of a newly constructed building) for an appraisal report to show no deduction for physical depreciation when applying the cost approach.

Items comprising functional obsolescence may include antiquated electrical or other building systems, building floor plates that are too small or too large for the current leasing market and similar items. External obsolescence, in contrast, refers to factors external to the property itself.

For example, a property may be located too far from a newly constructed highway or in a neighborhood that is no longer desirable.

When reviewing an appraisal report that employs the cost approach, the reader should look for evidence that the appraiser gave careful attention to each type of depreciation and made logical adjustments to the valuation of the property as a consequence. The cost approach is most reliable for newer properties that are not suffering from extensive depreciation.

Improbable Assumptions

If an appraisal is made on the basis of a so-called “hypothetical condition” or other significant assumption about the property, that fact should be highlighted for the reader and fully disclosed in the appraisal report. The report should also discuss the basis for the assumption and the relative likelihood of the assumption being or becoming true. Notwithstanding this ideal, you may nonetheless discover improbable assumptions upon a careful review of an appraisal report. Suspect assumptions that have appeared in actual appraisal reports have included an assumption that the property’s zoning will change, an assumption that a building will remain 95% occupied notwithstanding a falling market with high vacancy rates, an assumption that the land has valuable minerals beneath it, and an assumption that an access street will be added when no such street yet exists. When reviewing an appraisal report, one should pay particular attention to the validity of any assumption or hypothetical condition that the appraiser indicates was made solely on the basis of instructions given or information provided by the property owner without independent verification.

Inadequate Reconciliation Statement

A properly presented appraisal report will conclude with a so-called “reconciliation statement” that reviews the results of each of the three approaches to valuation and weighs those results in determining the appraiser’s final estimate of the market value of the property. Rather than

computing a simple average, the appraiser will exercise his professional judgment and experience in reaching the result. In valuing an income-producing property, emphasis should be placed on the income approach. In contrast, the sales approach will play a decisive role in valuing a residential home. Evidence of bias by the appraiser may come through in the reconciliation statement. The reader of the appraisal report should pay particular attention to any decision by the appraiser to disregard the results of one of the approaches to valuation, particularly if that decision comes as a surprise to the reader or is not otherwise amply supported by logic and statements made in the previous sections of the appraisal report.

Calculation Errors and Carelessness

Appraisers are only human, and humans make mistakes. When reviewing an appraisal, one should watch out for calculation errors. As briefly noted above, many appraiser engagement letters will require the appraiser to use specified software and to provide the client with computer files containing the supporting calculations for the appraisal. If a calculation error is later suspected, a review of those computer files by a knowledgeable analyst should quickly resolve the issue.

Misspellings, improper grammar and math errors may be evidence of poor research, general inattentiveness or insufficient analysis. When presented with a myriad of small errors, the reader of an appraisal report should be vigilant for larger problems.

Conclusion

A real estate appraisal can pose a significant challenge for any investor in U.S. real estate or banker or lawyer. To meet the challenge, one must be familiar with the uniform standards that U.S. appraisers follow, the approaches to valuation that U.S. appraisers utilize, the proper method of engaging an appraiser, the legal and regulatory framework that applies in the United States, and the common pitfalls to avoid. Although

some categories of problems may be impossible for a reader to detect, many problems can be identified through a critical reading of the appraisal report.

Armed with the information set forth in this article, you will be off to a running start.

For more information regarding the issues described in this client publication, please contact the author.

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Endnotes

- 1 MARIANNE MOORE, *Comment, in* COMPLETE PROSE, 85 (1987).
- 2 UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE, Standards Rule 2-2 (Appraisal Foundation 2004).
- 3 For an example of a more complete definition of "market value" (the definition required to be used in a FIRREA-compliant appraisal), see Office of the Comptroller of the Currency Real Estate Lending and Appraisals Regulations, 12 C.F.R. § 34.42(g); Board of Governors of the Federal Reserve System Appraisal Standards for Federally Related Transactions, 12 C.F.R. § 225.62(g); Federal Deposit Insurance Corporation Appraisals Regulations, 12 C.F.R. § 323.2(g); Office of Thrift Supervision Appraisals Regulations, 12 C.F.R. § 564.2(g); National Credit Union Administration Appraisals Regulations, 12 C.F.R. § 722.2(f).
- 4 UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE, Supplemental Standards Rule (Appraisal Foundation 2004).
- 5 Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 (1989) (codified at 12 U.S.C. § 3331-3352). See also, Office of the Comptroller of the Currency Real Estate Lending and Appraisals Regulations, 12 C.F.R. § 34; Board of Governors of the Federal Reserve System Appraisal Standards for Federally Related Transactions, 12 C.F.R. § 225.61-67; Federal Deposit Insurance Corporation Appraisals Regulations, 12 C.F.R. § 323; Office of Thrift Supervision Appraisals Regulations, 12 C.F.R. § 564; National Credit Union Administration Appraisals Regulations, 12 C.F.R. § 722.
- 6 The Oversight Agencies are the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA). See 12 U.S.C. § 3350(6).
- 7 FIRREA defines "financial institution" to mean "an insured depository institution as defined in section 3 of the Federal Deposit Insurance Act or an insured credit union as defined in section 101 of the Federal Credit Union Act." 12 U.S.C. § 3350(7).
- 8 12 C.F.R. § 34.44; § 225.64; § 323.4; § 564.4; § 722.4.
- 9 *Id.* at § 34.43(a); § 225.63; § 323.3; § 564.3; § 722.3.
- 10 FDIC Financial Institution Letter, "Independent Appraisal and Evaluation Functions," FIL-84-2003 (October 27, 2003), available at <http://www.fdic.gov/news/news/financial/2003/fil0384a.html>.
- 11 *Id.*
- 12 See *In re Brooklyn Bridge Southwest Urban Renewal Project*, 270 N.Y.S.2d 703, 706-707 (N.Y. Sup. Ct. 1966).
- 13 Investor surveys from which such rates can be derived are regularly published by Cushman & Wakefield, CB Richard Ellis and PriceWaterhouseCoopers, among others.

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This memorandum is intended only as a general discussion of these issues. It should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

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