

Fed Helps Homebuyers with Rule Change

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An updated rule from the Federal Reserve will make buying certain homes easier - or at least less cumbersome.

The Fed announced last week it has adopted a new threshold for residential real estate transactions that require an appraisal. The new threshold is \$400,000, up from \$250,000.

The threshold had not been updated since 1994, though real estate home values have increased with price appreciation and inflation through the last 25 years. That has left many more residential home sales requiring an appraisal than would have in 1994.

"(T)he change will provide burden relief without posing a threat to the safety and soundness of financial institutions," the Fed wrote in a news release.

You can read the [entire final rule here](#).

Homes that are exempt from an appraisal still require the lender to obtain an evaluation for an estimate of the home's market value. This type of evaluation is less cumbersome and less expensive than an appraisal.

The move has the [backing of the Consumer Financial Protection Bureau](#), which said that the new threshold provides "reasonable protection" for homebuyers purchasing one-to-four unit, single-family homes.

If you have any questions about this new threshold, please [contact me](#) at any time.

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