



Office of the State Bank Commissioner

Regulatory Mailing

RM2000-3

TO: All State Chartered Banks
FROM: George E. Myers, Director of Examinations
DATE: May 24, 2000

SUBJECT: Use of County Tax Assessment Information for Evaluations

The purpose of this memorandum is to clarify that county tax assessment information may be used as part of an "evaluation" for real estate loans made under the FIRREA de minimis threshold of \$250,000 and greater than \$25,000 as defined by K.A.R. 17-11-21.

If the county tax assessment information is used as the basis for the evaluation, the officers/directors must show due diligence and review the tax information to determine its validity. The review must include a written reconciliation of the stated value, with proper consideration given to the market, cost, or income appraisal approach as the evaluation dictates.

As a reminder, K. A. R. 17-11-21 simply states the evaluation should be performed by either two officers or directors of the bank, or by a qualified individual who is independent of the bank. Also, the land and building should be appraised separately, and the property should be actually viewed by the one(s) doing the evaluation.

The contents of the evaluation should include:

- 1) A legal description of the property, including street address (if available) and its present use;
- 2) The owner(s) of the property;
- 3) The type and general condition of improvements, including their approximate age, size and construction;
- 4) The basis for the appraised value – i.e. comparable sales of similar property, cost of replacement, or income derived from the property. Generally, a brief explanation, which demonstrates the value was determined in a logical manner, is sufficient. Again, information on comparable sales is preferable, but consideration will be given to the market area and level of real estate activity; and
- 5) The date of the evaluation and the signature and address of the appraisers.

Attached please find a "Real Estate Evaluation Form" that you may find useful in completing your evaluations. The use of this form is not mandatory; it is provided merely as a tool for your use.

Should you have questions about this memorandum, please contact our office.

Real Estate Evaluation Form

Borrower(s): _____

Property Owner(s): _____

Property Address: _____

Legal Description: _____

Present Use: _____

Property type and general condition of improvements including their approximate age, size and construction: _____

Estimated value of the subject property: Land _____ Improvements _____

Basis used for determining value: Market _____ Cost _____ Income _____

Appraisers have viewed the property: Yes _____ No _____

County tax assessment information was used: Yes _____ No _____

Appraisers concur with the results of the county tax assessment information: Yes _____ No _____

Reconciliation (reasoning for the basis used and how subject property relates to comparables if market based): _____

Appraiser: _____ Signature: _____ Date: _____
(Please Print)

Address: _____

Appraiser: _____ Signature: _____ Date: _____
(Please Print)

Address: _____