



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D. C. 20641

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

January 5, 1998

Mr. James E. Scott
Vice President and Counsel
Bankers Trust Company
One Bankers Trust Plaza
New York, New York 10006

Dear Mr. Scott:

This is in response to your letter of December 30, 1997, in which you request an exemption from the Board's appraisal regulation to permit the purchase of [redacted] investment grade commercial mortgage-backed securities (CMBS) by a nonbank subsidiary of Bankers Trust New York Corporation (BTNY). Under the Board's appraisal regulation (12 CFR 225.63(a)(12)), an institution may request an exemption from the regulation for an individual real estate-related transaction when an appraisal is not necessary to protect federal financial and public policy interest in the transaction or to protect the safety and soundness of the institution.

According to staff at the Federal Reserve Bank of New York, BTNY must commit to purchase these CMBS on January 6, 1998, with a transaction closing date of January 9, 1998. These securities are rated investment grade by two qualified, independent rating agencies. All loans supporting the securities have appraisals as well as property condition assessments and inspections by a licensed engineer or consultant, although the appraisals do not in all cases conform to the Board's appraisal regulation. Further, your letter notes that BTNY will be conducting a due diligence review, including an evaluation of prepayment risk and secondary market trading activity; a review of large assets or concentrations in the portfolio; and a review of all available offering and supporting documents, to include reports by appraisers, loan servicers, and other consultants.

Acting on behalf of the Board pursuant to delegated authority (12 CFR 265.7(c)(6)), the Director of the Division of Banking Supervision and Regulation has approved the exemption from the Board's appraisal regulation for the above-described CMBS transaction.

Sincerely,

A handwritten signature in dark ink, appearing to read "William W. Wiles".

William W. Wiles
Secretary of the Board

cc: Rona Pocker, Federal Reserve Bank of New York
Dan Staehle, Federal Reserve Bank of New York