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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

October 25, 2004

Sandy Moore, Administrative Director  
Tennessee Real Estate Appraiser Commission  
Department of Commerce and Insurance  
500 James Robertson Parkway, Suite 620  
Nashville, Tennessee 37243

Dear Ms. Moore:

This letter follows up on our most recent field review of Tennessee's real estate appraiser regulatory program ("Program"). We noted in our January 29, 2004 field review letter that Tennessee's regulations were not consistent with current Appraiser Qualifications Board ("AQB") criteria. Specifically, the regulations failed to incorporate the criteria regarding the 15-hour National USPAP Course and the 7-hour National USPAP Update Course.

We understand that Tennessee, in practice, requires persons who wish to become certified real estate appraisers to take the 15-hour National USPAP Course, or its equivalent. We further understand, however, that Tennessee has not been requiring renewing certified appraisers to take the AQB's 7-hour National USPAP Update Course, or its equivalent. In Chairman Pipkin's March 8<sup>th</sup> response to our field review letter, he stated that proposed regulatory changes had been submitted to the Attorney General's office. We trust that the proposed changes, addressing both the 15-hour course and the 7-hour course, have been adopted and implemented. Please provide us a copy of the final regulations for our records.

In a recent telephone conversation with Appraisal Subcommittee staff ("ASC"), you stated your belief that renewing appraisers are not required to meet the AQB's 7-hour National USPAP Update Course criterion until after December 31, 2005. That is an incorrect understanding of the AQB criteria. The criteria require appraisers to complete successfully the 7-hour National USPAP Update Course (or its equivalent) at a minimum of every two years. The Interpretation to that requirement, in pertinent part, states that the two-year term may be either:

1. Every two calendar years, commencing on January 1, 2003, or
2. In conjunction with a jurisdiction's continuing education cycle that commences after the effective date of January 1, 2003, as long as 7 hours of USPAP continuing education have been taken by December 31, 2005.

Therefore, a certified appraiser must take the 7-hour National USPAP Update Course, or its equivalent, no later than December 31, 2005. We understand that Tennessee has a two-year continuing education cycle linked to its two-year licensing cycle. Therefore, unless Tennessee implements the requirement earlier, Tennessee appraisers renewing certified credentials from January 1, 2004 through December 31, 2005 must show evidence of having taken the 7-hour National USPAP Update Course, or its equivalent. Your next two-year cycle would be 2006-2007.

Because all existing certified real estate appraisers will need to take the 7-hour National USPAP Update Course (or its equivalent) by 12/31/05, Tennessee will need to establish a mechanism to compliance with this requirement. Tennessee also needs to incorporate promptly into its regulations both the 15-hour National USPAP Course and 7-hour National USPAP Update Course requirements for certified appraisers.

Please provide us, as soon as possible, with your plans to ensure that certified appraisers comply with the 7-hour National USPAP Update Course requirement and your timetable for incorporating these requirements into your regulations.

Please contact us if you have further questions or would like further assistance in these matters.

Sincerely,

Ben Henson  
Executive Director