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# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

March 29, 2004

**By FAX**

Mr. Sam Pipkin, Chairman  
Tennessee Real Estate Appraiser Commission  
Department of Commerce and Insurance  
500 James Robertson Parkway, Suite 620  
Nashville, Tennessee 37243

Dear Mr. Pipkin:

Thank you for your March 8<sup>th</sup> response to our January 29<sup>th</sup> field review letter. We have reviewed your response and have the following comments.

- **Tennessee does not always conform to Appraiser Qualifications Board (“AQB”) criteria when upgrading appraiser trainees to State certified or State licensed credentials.**

You addressed several issues regarding this topic in your letter. We will respond to each, in turn.

- We appreciate your prompt review of Commission records to determine which appraisers had been upgraded to a certified classification by relying on an examination that failed to conform to AQB criteria (*i.e.*, was not successfully completed within the previous 24 months). We also appreciate your prompt implementation of procedures to ensure that future upgrades conform to AQB criteria.
- You stated that, in your review of Commission records, you identified six certified appraisers who did not conform to AQB criteria regarding examinations. However, these were not the same six appraisers that were identified by ASC staff during our field review. Our staff will contact your staff to discuss the appraisers we identified during the field review. We do not expect you to take action regarding the appraisers our staff identified until your questions regarding their status are resolved.
- You expressed concern about our request to downgrade the non-conforming appraisers without a formal hearing. It appears you misunderstood the intent of our letter. Our directions were to identify appraisers who failed to conform to AQB criteria; require them to take and pass the appropriate examination; and downgrade any who failed to do so within 60 days of our letter. Our anticipation was that 60 days was adequate time to notify affected appraisers and provide them an opportunity to take the examination. We were not directing you to violate any due process procedural requirements. Your request for an extension of the 60-day period is approved. Please let us know what is an adequate time period and why more than 60 days is necessary.
- On the third page of your letter, you stated that the Commission’s primary duty and function is to protect the health, safety, and welfare of the citizens of Tennessee, and you questioned how an appraiser’s failure to conform to AQB criteria regarding examinations threatens that health, safety, and welfare. Under Tennessee’s statute, the Commission has the additional primary duty of ensuring that Tennessee’s appraiser regulatory efforts comply with Title XI of the Financial Institutions Reform, Recovery, and Enforcement

Act of 1989, as amended. Part of that Title requires that Tennessee's certified appraisers conform to AQB criteria.

- We appreciate your prompt actions to address the other concerns identified in our field review letter, specifically those regarding: the consistency of Tennessee's regulations and current AQB criteria; outstanding complaints from 1996-2001; and complaint file documentation.

Please contact us if you have any questions.

Sincerely,

Ben Henson  
Executive Director

cc: Sandy Moore, Administrative Director  
Alison G. Zane, Staff Attorney