

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

December 5, 1997

Mr. J. Donald Turner, Chairman  
Tennessee Real Estate Appraiser Commission  
500 James Robertson Parkway, 2nd Floor  
Nashville, TN 37243-2188

Dear Mr. Turner:

Thank you for your cooperation and the Commission staff's assistance during our August 18-19, 1997 review of the Tennessee Real Estate Appraiser Commission's ("Commission") regulatory program. We appreciate the changes you made in the Commission's program following our 1992 field review. We realize that those changes required amendments to statutes and regulations and that such changes are time consuming and not easily accomplished.

In reviewing the Tennessee program this year, we are particularly impressed with the efficiency of the complaint investigation and resolution program. Following are two areas that need your attention to further improve your program.

- **Temporary Practice provisions**

Tennessee's appraiser statute, the "State Licensing and Certified Real Estate Appraisers Law," contains provisions regarding temporary practice at Section 62-39-338. This section provides that an appraiser may obtain a temporary practice permit to appraise "one (1) specific parcel of real estate[,]" and the permit is valid until the appraisal is completed. Effectively, this places no time limit on the temporary practice permit. Subsection (b), however, limits a temporary practice permit for "multiple properties" to a period of sixty days. This provision fails to comply with Title XI as interpreted by our Policy Statements that require a minimum six - month period for temporary practice permits. The Commission needs to initiate the necessary actions to amend Section 62-39-338(b).

- **Responses to Complaint Referrals**

Tennessee's complaint investigation and resolution program is one of the most efficient we have reviewed. We are pleased with the Commission's timeliness in investigating and resolving complaints. There is one area, however, that needs improvement. Title XI requires States to provide a final disposition notification to persons or organizations that refer a complaint to the State. An example of such a situation is the March 23, 1995 referral from the Federal Deposit Insurance Corporation ("FDIC") regarding appraiser [redaction]. The Commission's investigation resulted in [redaction] surrendering his license for lack of competency. Although the Commission acknowledged the FDIC referral initially, we found no evidence of final or closing correspondence notifying the FDIC of the action taken. We believe that such notifications encourage organizations to submit complaints and referrals to the Commission, and they are required by Title XI. The Commission needs to implement and follow a standard procedure for making such final action notifications.

In summary, except for the deficiencies noted in the temporary practice and complaint referral programs, we are pleased with the Commission's appraiser regulatory program. Please respond to this letter within 60 days. If we can provide any additional information or help with any problem, please do not hesitate to contact us.

Sincerely,

Herbert S. Yolles  
Chairman

cc: Sandy Moore  
Executive Director