

December 6, 2023

Via Email

Glenn Kopchak, Executive Director
Real Estate Appraiser Commission
500 James Robertson Parkway
Nashville, TN 37243-1166
Glenn.Kopchak@tn.gov

RE: ASC Compliance Review of Tennessee's Appraisal Management Company (AMC)
Regulatory Program

Dear Glenn Kopchak:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Tennessee AMC regulatory program (AMC Program) on April 4-6, 2023, to determine the AMC Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

The ASC considered the preliminary results of the Review and the State's response to those results. The AMC Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) is attached.

The ASC identified the following area(s) of non-compliance:

- Participating States must enforce and document ownership limitations for State-registered AMCs;¹
- States must calculate the annual registry fee, as established by the ASC, and remit the registry fees to the ASC for AMCs to be listed on the AMC Registry;² and
- States must determine whether State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee.³

ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Tennessee will remain on a two-year Review Cycle.

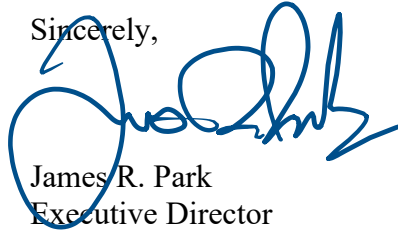
¹ 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.

² Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 1102.402; Policy Statement 9.

³ Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8 -323.14; 12 CFR 1222.20 – 1222.26; 12 CFR 1102.403; Policy Statements 8 and 9.

This letter and the attached Report are public records and available on the ASC website. Please contact us if you have any questions about this Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "James R. Park". The signature is stylized and overlaps the printed name below it.

James R. Park
Executive Director

Attachment

cc: Alex Martin, Assistant Commissioner, Alex.Martin@tn.gov
Toby Compton, Deputy Commissioner, Toby.Compton@tn.gov

ASC Finding Descriptions

ASC Finding	Rating Criteria	Review Cycle*
Excellent	<ul style="list-style-type: none"> • State meets all Title XI mandates and complies with requirements of ASC Policy Statements • State maintains a strong regulatory Program • Very low risk of Program failure 	2-year
Good	<ul style="list-style-type: none"> • State meets the majority of Title XI mandates and complies with the majority of ASC Policy Statement requirements • Deficiencies are minor in nature • State is adequately addressing deficiencies identified and correcting them in the normal course of business • State maintains an effective regulatory Program • Low risk of Program failure 	2-year
Needs Improvement	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies are material but manageable and if not corrected in a timely manner pose a potential risk to the Program • State may have a history of repeated deficiencies but is showing progress toward correcting deficiencies • State regulatory Program needs improvement • Moderate risk of Program failure 	2-year with additional monitoring
Not Satisfactory	<ul style="list-style-type: none"> • State does not meet all Title XI mandates and does not comply with all requirements of ASC Policy Statements • Deficiencies present a significant risk and if not corrected in a timely manner pose a well-defined risk to the Program • State may have a history of repeated deficiencies and requires more supervision to ensure corrective actions are progressing • State regulatory Program has substantial deficiencies • Substantial risk of Program failure 	1-year
Poor**	<ul style="list-style-type: none"> • State does not meet Title XI mandates and does not comply with requirements of ASC Policy Statements • Deficiencies are significant and severe, require immediate attention and if not corrected represent critical flaws in the Program • State may have a history of repeated deficiencies and may show a lack of willingness or ability to correct deficiencies • High risk of Program failure 	Continuous monitoring

*Program history or nature of deficiency may warrant a more accelerated Review Cycle.

**An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 12, Interim Sanctions.



ASC State AMC Program Compliance Review Report

ASC Finding: Good
Final Report Issue Date: December 6, 2023

Tennessee AMC Regulatory Program (State)

Tennessee Real Estate Appraisers Commission (Board)	PM: M. Brown	ASC Compliance Review Date: April 4-6, 2023	Review Period: January 2021 to March 2023
---	--------------	---	---

Umbrella Agency: Tennessee Department of Commerce & Insurance, Regulatory Boards	Number of AMCs on AMC Registry: 131	Review Cycle: Two Year
--	-------------------------------------	------------------------

Applicable Federal Citations	Compliance (YES/NO) Areas of Concern (AC)			ASC Staff Observations	State Response	Required/Recommended State Actions	General Comments
	YES	NO	AC				
Statutes, Regulations, Policies and Procedures:		X					
Participating States must enforce and document ownership limitations for State-registered AMCs. (Title XI § 1124, 12 U.S.C. § 3353; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8-323.14; 12 CFR 1222.20 – 1222.26; Policy Statement 8.)				An AMC shall not be registered or included on the AMC National Registry if such AMC, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State for a substantive cause. The State limits the certification of this requirement to owners of 10% or more.	On August 3, 2023, the State reported that it will begin the process to amend its rules by presenting proposed language to the Tennessee Real Estate Appraiser Commission during its September 12, 2023, meeting.	The State must continue the process of amending its rule to comply with Title XI and the AMC Rule.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, the AMC Rule, and ASC Policy Statement 8.
National Registry:		X					
States must calculate the annual registry fee, as established by the ASC, and remit the registry fees to the ASC for AMCs to be listed on the AMC Registry. (Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 1102.402; Policy Statement 9.)				The State does not correctly calculate the annual AMC Registry fee according to the AMC Fee Rule.	On August 3, 2023, the State reported that future panel report transactions will include language regarding the specific reporting period.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, the AMC Fee Rule, and ASC Policy Statement 9.
National Registry Continued:		X					
States must determine whether State registered AMCs meet the federal definition of an AMC to be eligible to be on the AMC Registry and if eligible, collect the registry fee. (Title XI § 1109, 12 U.S.C. § 3338; 12 CFR 34.210 – 34.216; 12 CFR 225.190 – 225.196; 12 CFR 323.8-323.14; 12 CFR 1222.20 – 1222.26; 12 CFR 1102.403; Policy Statements 8 and 9.)				The State did not validate AMCs added to the AMC Registry met the federal definition. The AMC Registry application does not include the option for a Single State AMC to apply for registration.	On August 3, 2023, the State reported that it will update its AMC initial application to include the Single State AMC option for registration.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI, the AMC Rule, and ASC Policy Statement 8 and 9.
Enforcement:	X						
				No compliance issues noted.	N/A	None	None