

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 Appraiser Regulatory Program

Dear Glenn Kopchak:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Tennessee appraiser regulatory program (Appraiser Program) on April 4-6, 2023, to determine the 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 Appraiser Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) of the Tennessee Appraiser Program is attached.

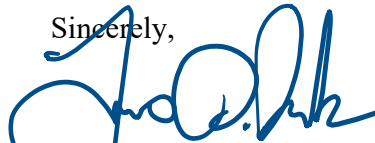
The ASC identified the following area of non-compliance:

- States must, at a minimum, adopt and/or implement all relevant AQB Criteria;¹

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

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,



James R. Park
Executive Director

Attachment

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

¹ 12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.

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 5, Reciprocity; see also Policy Statement 12, Interim Sanctions.



ASC State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: December 6, 2023

Tennessee Appraiser 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 State Credentialed Appraisers on Appraiser Registry: 2,167	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				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				AQB Criteria requires an applicant upgrading from a certified residential credential to certified general credential to hold a bachelor's degree. The State regulation does not require a bachelor's degree.	On August 3, 2023, the State reported that it started the process to amend its rules to require an applicant upgrading from a certified residential credential to a certified general credential to hold a bachelor's degree.	The State should continue the process to amend its rules, and provide ASC staff with a copy once finalized.	None
Statutes, Regulations, Policies and Procedures Continued:			X				
States must, at a minimum, adopt and/or implement all relevant AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; Policy Statement 1 C, D.)				AQB Criteria requires an AQB certified USPAP instructor to be a State certified appraiser in good standing. The State regulation does not require the State certified appraiser's credential to be in good standing.	On August 3, 2023, the State reported that it will begin the process to amend its rules to require an AQB certified USPAP instructor's State certified appraiser's credential to be in good standing.	The State must continue the process to amend its rules to bring them into compliance with AQB Criteria, and provide ASC staff with a copy once finalized.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 1.
Temporary Practice:	X			No compliance issues noted.	N/A	None	None
National Registry:	X			No compliance issues noted.	N/A	None	None
States must report all disciplinary action taken against an appraiser to the ASC. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D.)				The State did not report all disciplinary actions to the Appraiser Registry.	On August 3, 2023, the State reported that 2 of the 3 identified disciplinary actions were conditional dismissals and closed with no action. The State does not consider conditional dismissals discipline. The remaining disciplinary action was closed with no action. On June 26, 2023, the State amended the Appraiser Registry information accordingly.	None	The State addressed the concern.
Application Process:	X			No compliance issues noted.	N/A	None	None
Reciprocity:	X			No compliance issues noted.	N/A	None	None
Education:	X			No compliance issues noted.	N/A	None	None
Enforcement:	X			No compliance issues noted.	N/A	None	None
States must resolve all complaints filed against appraisers within one year (12 months) of the complaint filing date in the absence of special documented circumstances. (12 U.S.C. § 3347; Policy Statement 7 B.)				The State had 1 aged complaint which was unresolved for more than 2 years without the exemption for special documented circumstances.	On August 3, 2023, the State provided a list outlining the factors to be considered for special documented circumstances that caused the delay in processing the complaint, such as the global Covid-19 Pandemic.	None	The State addressed the concern.