

■ ■ ■ ■ ■ ■ ■

Appraisal Subcommittee

Federal Financial Institutions Examination Council

September 12, 2017

Mr. Brian McCormack, Deputy Commissioner
Department of Commerce & Insurance
Division of Regulatory Boards
Real Estate Appraiser Commission
500 James Robertson Parkway
Nashville, TN 37243

RE: ASC Compliance Review of Tennessee's Appraiser Regulatory Program

Dear Mr. McCormack:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Tennessee appraiser regulatory program (Program) on January 9-11, 2017, to determine the Program's compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

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

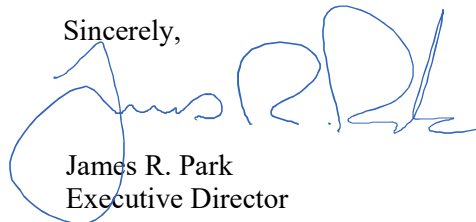
The ASC identified the following area of non-compliance:

- States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement.¹

The ASC considered the preliminary results of the Review and the State's response to those results. The Program has been awarded an ASC Finding of "Good." Areas of concern that were identified are being addressed by the Program. ASC staff will confirm that appropriate corrective actions have been taken during the next Review. Tennessee will remain on a two-year Review Cycle. The final ASC Compliance Review Report (Report) is attached.

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: Mr. Carter Lawrence, Assistant Commissioner
Ms. Roxana Gumucio, Executive Director

¹12 U.S.C. § 3347; Policy Statement 4.

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 ²	<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.

² An ASC Finding of “Poor” may result in significant consequences to the State. See Policy Statement 5, *Reciprocity*; see also Policy Statement 8, *Interim Sanctions*.

ASC Compliance Review Report

ASC Finding: Good
Final Report Issue Date: September 12, 2017

Tennessee Appraiser Regulatory Program (State)			
Tennessee Real Estate Appraisers Commission (Commission)	PM: J. Tidwell	ASC Compliance Review Date: January 9-11, 2017	Review Period: January 2015 to January 2017
Umbrella Agency: Department of Commerce & Insurance, Division of Regulatory Boards		Number of State Credentialed Appraisers on National Registry: 1,949	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 Trainees to complete continuing education (CE) each year. Tennessee's Rule 1255-01-.12(7)(a) does not require Trainees to complete CE until the 3rd year.	On March 21, 2017, the State reported that Legal has started the rulemaking process to amend the Rule to require Trainees to complete CE each year. In addition, the State contacted the trainees who were close to renewing at the time of the audit and all submitted the required CE to renew. Finally, the State updated their website and the trainee application, and notified all current trainees that they will be required to turn in 28 hours of CE at their first renewal.	The State should continue the process to amend its Rule to bring it into compliance with AQB Criteria and reflect what is now being done in practice. A copy of the Rule should be provided to ASC staff once finalized.	Upon adoption, please provide ASC staff with a copy of the adopted Rule change. 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				
States must submit all disciplinary actions to the ASC for inclusion on the National Registry. (12 U.S.C. § 3347; 12 U.S.C. § 3338; Policy Statement 3 A, D, E.)				The State did not report all disciplinary actions to the ASC National Registry.	On March 21, 2017, the State reported that it has since entered all missing disciplinary actions on the ASC National Registry and has implemented new procedures that will ensure that future sanctions will be timely reported in accordance with ASC Policy Statements.	The State should monitor its revised process to ensure that all discipline is reported to the ASC National Registry timely.	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.

ASC Compliance Review Report

ASC Finding: Good
Final Report Issue Date: September 12, 2017

Tennessee Appraiser Regulatory Program (State)			
Tennessee Real Estate Appraisers Commission (Commission)	PM: J. Tidwell	ASC Compliance Review Date: January 9-11, 2017	Review Period: January 2015 to January 2017
Umbrella Agency: Department of Commerce & Insurance, Division of Regulatory Boards		Number of State Credentialed Appraisers on National Registry: 1,949	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				
Application Process:		X					
States must verify that the applicant has successfully completed courses consistent with AQB Criteria for the appraiser credential sought, whether for initial credentialing, renewal, upgrade or reinstatement. (12 U.S.C. § 3347; Policy Statement 4.)				The State reinstated 1 appraiser credential without verifying the applicant had successfully completed all CE consistent with AQB Criteria for reinstatement of the appraiser credential sought.	On March 21, 2017, the State reported that the appraiser was notified in writing, and agreed to complete the missing CE within 6 months.	The State must cease reinstating appraiser credentials that do not meet current AQB Criteria.	During the next Compliance Review, ASC staff will confirm that the 1 reinstated appraiser credential holder has completed the required CE, and will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 4.
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