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Appraisal Subcommittee

Federal Financial Institutions Examination Council

April 19, 2019

Mr. Carter Lawrence, Deputy Commissioner
Tennessee Department of Commerce & Insurance
Real Estate Appraiser Commission
500 James Robertson Parkway
Nashville, TN 37243

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

Dear Mr. Lawrence:

The Appraisal Subcommittee (ASC) staff conducted an ASC Compliance Review (Review) of the Tennessee appraiser regulatory program (Appraiser Program) on January 14-17, 2019, 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 Appraiser Program has been awarded an ASC Finding of "Good." The final ASC Compliance Review Report (Report) of the Tennessee Appraiser Program is attached.

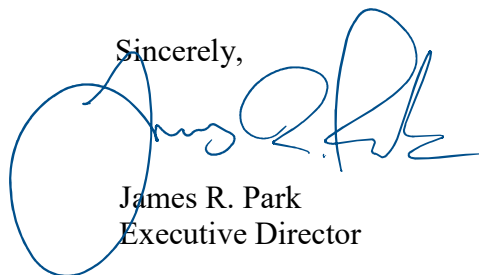
The ASC identified the following area of non-compliance:

- State requirements for trainee appraisers and supervisory appraisers must meet or exceed the AQB Criteria.¹

ASC staff will confirm that appropriate corrective actions have 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: Ms. Roxana Gumucio, Executive Director, TN Real Estate Appraiser Commission

¹ 12 U.S.C. § 3345; 12 U.S.C. § 3347; 12 U.S.C. § 3342; Policy Statement 1 C.

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 State Appraiser Program Compliance Review Report

ASC Finding: Good

Final Report Issue Date: April 19, 2019

Tennessee Appraiser Regulatory Program (State)

Tennessee Real Estate Appraisers Commission
(Board)

PM: J. Tidwell

ASC Compliance Review Date: January 14-17, 2019

Review Period: January 2017 to January 2019

Umbrella Agency: Tennessee Department of Commerce & Insurance, Regulatory Boards

Number of State Credentialed Appraisers on National Registry: 1,936

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					
State requirements for trainee appraisers and supervisory appraisers must meet or exceed the AQB Criteria. (12 U.S.C. § 3345; 12 U.S.C. § 3347; 12 U.S.C. § 3342; Policy Statement 1 C.)				AQB Criteria requires Supervisory Appraisers must personally inspect each appraised property with the Trainee Appraiser until the Supervisory Appraiser determines the Trainee Appraiser is competent to inspect the property, in accordance with the COMPETENCY RULE of USPAP for the property type. Tennessee regulation 1255-01-.12 (10)(c)1 requires Supervising Appraisers to accompany the registered trainee on all assignments until the Trainee Appraiser has completed 500 hours of acceptable appraisal experience. The regulation does not require the Supervisory Appraiser to continue to personally inspect each appraised property if he/she determines that the Trainee Appraiser is not competent after reaching the minimum 500 hours.	On April 1, 2019, the State reported that it will begin the process to amend the rule at the Board's April 15, 2019 meeting.	The State must continue the process to amend its rule to bring it into compliance with AQB Criteria, and provide the ASC staff with a copy of the rules 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				
States must ensure the accuracy of all data submitted to the National Registry. (12 U.S.C. § 3347; Policy Statement 3 A, D, E.)				Letters of Warning and Letters of Instruction were not accurately reported to the National Registry.	On April 1, 2019, the State reported that all Letters of Warning and Letters of Instruction have been correctly reported to the National Registry. The State also set up a procedure to ensure future actions are correctly reported.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 3.
Application Process:	X						
				No compliance issues noted.	N/A	None	None
Reciprocity:	X						
				No compliance issues noted.	N/A	None	None

ASC State Appraiser Program Compliance Review Report

ASC Finding: Good
 Final Report Issue Date: April 19, 2019

Tennessee Appraiser Regulatory Program (State)

Tennessee Real Estate Appraisers Commission (Board)	PM: J. Tidwell	ASC Compliance Review Date: January 14-17, 2019	Review Period: January 2017 to January 2019
Umbrella Agency: Tennessee Department of Commerce & Insurance, Regulatory Boards		Number of State Credentialed Appraisers on National Registry: 1,936	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				
Education:			X				
States must ensure the delivery mechanism for distance education courses offered by a non-academic provider, including secondary providers, has been approved by an AQB-approved organization providing approval of course design and delivery. (12 U.S.C. § 3347; Policy Statement 6 B, C.)				Courses were renewed without ensuring that secondary providers of appraiser courses maintained the required delivery mechanism approval.	On April 1, 2019, the State reported that the approved course listing has been corrected. The State also set up a procedure to ensure secondary providers provide correct information at renewal.	None	During the next Compliance Review, ASC staff will pay particular attention to this area for compliance with Title XI and ASC Policy Statement 6.
Enforcement:	X						
				No compliance issues noted.	N/A	None	None