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# Rulemaking Hearing Rule(s) Filing Form

*Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing. T.C.A. § 4-5-205*

**Agency/Board/Commission:** Department of Commerce and Insurance  
**Division:** Tennessee Real Estate Appraiser Commission  
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**Revision Type (check all that apply):**

- Amendment  
 New  
 Repeal

**Rule(s)** (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
1255-01	General Provisions
Rule Number	Rule Title
1255-01-.04	Application for Appraiser License or Certificate
1255-01-.07	Qualifications for State Certified Residential Appraisers
1255-01-.08	Qualification for General Certification
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Chapter Number	Chapter Title
1255-02	Evaluation of Appraiser Education
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1255-03-.02	Criteria for Standard and Review Appraisal Experience
Chapter Number	Chapter Title
1255-04	Continuing Education
Rule Number	Rule Title
1255-04-.01	Continuing Education Requirements

Chapter 1255-01  
General Provisions

Amendments

Rule 1255-01-.04 Application for Appraiser License or Certificate is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.04 Application for Appraiser License or Certificate

- (1) A person who wishes to file an application for a real estate appraiser license or certificate may obtain the required form upon request to the Commission.
- (2) At the time of filing an application for licensure or certification, each applicant shall sign a pledge to comply with the standards set forth in the Act and the Commission's rules and state that the applicant understands the types of misconduct for which disciplinary proceedings may be initiated against a state licensed or certified appraiser, as set forth in the Act.
- (3) Each applicant shall complete all application and examination requirements within one (1) year of the date the Commission grants approval for the applicant to take the required examination. An applicant may not take the required examination more than four (4) times within the one (1) year period following approval; thereafter, an applicant wishing to take the required examination shall reapply and submit a new application fee. The Commission may grant exceptions to the requirements set forth in this paragraph upon appropriate individual request.
- (4) Any person may apply for upgrade of an unexpired license or certificate by filing an application for the same on a form which may be obtained from the Commission. The appropriate application fee must be filed with the application.
- (5) Filing and Fees. Properly completed applications must be accompanied by the appropriate fees. Once the application has been filed and processed, the application fee may not be refunded. The following fees shall be charged:
  - (a) Application for initial real estate appraiser license .....\$125.00
  - (b) Application for initial real estate appraiser certificate ..... \$125.00
  - (c) License or certificate issuance fee .....\$350.00
  - (d) Application for upgrade.....\$125.00
  - (e) Letter of good standing .....\$25.00
- (6) Payment of application fees shall be made by certified check, bank check or money order made payable to the State of Tennessee.

Authority: T.C.A. §§ 62-39-203, 62-39-204, 62-39-206, 62-39-307, 62-39-312, 62-39-315 and 62-39-333. Administrative History: Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001.

Rule 1255-01-.07 Qualifications for State Certified Residential Appraisers is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.07 Qualifications for State Certified Residential Appraisers

- (1) An applicant applying for a state certified residential real estate appraiser certification shall first register as a real estate appraiser trainee, or be a licensed or certified general real estate appraiser. The applicant shall then satisfy all of the following education, experience and examination requirements:
  - (a) General Education. An applicant shall satisfy the following general education

requirements as a prerequisite for certification as a state certified residential real estate appraiser:

1. Associate degree or higher, or in lieu of a degree, a minimum of twenty-one (21) college semester hours in all specified coursework as follows:
  - (i) English composition,
  - (ii) principles of economics (micro or macro),
  - (iii) computers-word processing/spreadsheets,
  - (iv) finance,
  - (v) business or real estate law,
  - (vi) algebra, geometry, or higher mathematics, and
  - (vii) statistics.
  
- (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state certified residential appraiser examination:
  1. Two hundred (200) classroom hours of courses in subjects related to real estate appraisal (hereinafter "qualifying education requirement"). These modules shall include:
    - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined through the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,
    - (l) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when at least one of the course instructors is an AQB Certified USPAP Instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser.
    - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles,
    - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures,
    - (iv) Successful completion of a fifteen (15) hour course in Residential Market Analysis and Highest and Best Use,
    - (v) Successful completion of a fifteen (15) hour course in Residential Appraiser Site Valuation and Cost Approach,
    - (vi) Successful completion of a thirty (30) hour course in Sales Comparison and Income Approaches,
    - (vii) Successful completion of a fifteen (15) hour course in Residential Report Writing and Case Studies,
    - (viii) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance,

- (ix) Successful completion of a fifteen (15) hour course in Advanced Residential Applications and Case Studies, and
  - (x) Successful completion of twenty (20) hours of appraisal subject matter electives. These may include hours over minimum shown above in other modules.
2. A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
  3. The Commission may grant credit toward the qualifying education requirement only where the length of the educational offering is at least fifteen (15) hours and an applicant successfully completes an examination pertinent to that educational offering.
  4. An applicant may obtain credit for the qualifying education requirement from any of the following:
    - (i) colleges or universities
    - (ii) community or junior colleges
    - (iii) real estate appraisal or real estate related organizations
    - (iv) state or federal agencies or commissions
    - (v) proprietary schools
    - (vi) other providers approved by the Commission
  5. The qualifying education requirement may include the one hundred fifty (150) hour qualifying education requirement for the state licensed real estate appraiser classification.
  6. An applicant may refer to Chapter 1255-02 Evaluation of Education for further delineation of the qualifying education requirements.
  7. In the event of a denial, an applicant for certification may file a written request for reconsideration with the Commission, appealing the Commission's evaluation of the applicant's education. The Commission shall consider the filed written request for reconsideration and reevaluate the applicant's education. In the event that the applicant's application for certification is denied after the education reevaluation, then the denial shall not create a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, Tenn. Code Ann., Title 4, Chapter 5) and the applicant may then reapply for certification.
- (c) Foreign Education. An applicant seeking to satisfy the general education requirements for a state certified residential appraiser credential with college level education from a foreign institution shall have their education evaluated for equivalency by an accredited, degree-granting domestic college or university, The American Association of Collegiate Registrars and Admissions Officers (AACRAO), a foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES), or a foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.
  - (d) Experience. An applicant shall satisfy the following experience requirements as a prerequisite for certification as a state certified residential real estate appraiser:

1. An applicant shall complete a minimum of two thousand five hundred (2,500) hours of appraisal experience over a period of at least twenty-four (24) months and the Commission shall treat the hours accumulated over the twenty-four (24) months as cumulative. A registered trainee applicant shall complete the minimum of twenty-four (24) months of appraisal experience under the direct supervision of an appraiser certified by a real estate appraiser commission or board in any state. The experience must be sufficient to indicate to the Commission that the applicant is competent in the Uniform Standards of Professional Appraisal Practice. Acceptable appraisal experience includes, but is not limited to the following: fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.
  2. The applicant may also obtain equivalent experience. The Commission shall determine what is considered equivalent experience, which demonstrates the applicant's competence in the Uniform Standards of Professional Appraisal Practice. Equivalent experience shall be limited to the following:
    - (i) A minimum of twenty-four (24) months of experience as a licensed or certified real estate appraiser in another state, territory or possession of the United States, or in any country; provided, that the applicant has otherwise met all other requirements of Title 62, Chapter 39, and the rules promulgated by the Commission.
  3. An applicant shall provide to the Commission a detailed listing of the types of real estate appraisal reports or file memoranda completed by the applicant for each twelve (12)-month period during which the applicant claims that he or she has gained experience. The applicant shall provide verification for experience credit claimed on forms prescribed by the Commission which shall include the following information:
    - (i) type of property;
    - (ii) date of report;
    - (iii) address of appraised property;
    - (iv) description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;
    - (v) number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type;
    - (vi) client name and address; and,
    - (vii) signature and State certification number of the supervising appraiser, if applicable.
  4. No experience credit will be granted that was obtained prior to January 30, 1989. An applicant shall submit sufficient recent experience to demonstrate the ability to apply the current Uniform Standards of Professional Appraisal Practice provisions.
  5. There is no minimum number of hours that must have been obtained in any one (1) twelve (12)-month period.
- (e) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Certified Residential Real Property Appraiser Examination. An applicant must obtain certification designation within twenty-four (24) months from the date of passing score on the exam.

- (f) If, after passing the residential certification examination, a registered trainee fails to meet all other requirements for residential certification prior to the expiration of the trainee's registration and the trainee fails to renew such registration, then the trainee may reapply for certification and retake the examination.
- (g) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for certification. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.
- (h) An applicant may complete the education, experience, and/or the examination requirements for licensure before January 1, 2008, in accordance with the Real Property Appraiser Qualifications Criteria including all interpretations and supplementary information as of November 1, 2005, as promulgated by the Appraiser Qualifications Board. In the event that an applicant starts, but does not complete all of the education, experience, and/or examination requirement for certification before January 1, 2008, then the applicant must complete the incomplete component(s) in accordance with the Appraiser Qualifications Criteria which became effective on January 1, 2008.
  1. An applicant completing the education segment of the qualification criteria prior to January 1, 2008, will be required to complete one hundred twenty (120) hours of qualifying education of which shall include:
    - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,
    - (l) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when the course is instructed by an Appraiser Qualifications Board Certified Instructor(s), of which there must be at least one (1) state certified residential real estate appraiser or state certified general real estate appraiser.
    - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles, and
    - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures.
    - (iv) The remaining hours selected from courses approved as qualifying education at the time the course was offered.
  2. An applicant applying for a State Certified Residential Appraiser certification who holds a current State Licensed Appraiser credential may satisfy the educational requirements for the State Certified Residential Real Estate Appraiser credential by completing the following additional educational hours:
    - (i) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance;
    - (ii) Successful completion of a fifteen (15) hour course in Advanced Residential Applications and Case Studies; and
    - (iii) Successful completion of twenty (20) hours of appraisal subject matter electives. These may include hours over the minimum shown above in other modules.

3. An applicant applying for a State Certified Residential Appraiser certification pursuant to subsection (2) must also satisfy the college-level educational requirements as specified in 1255-01-.07(1)(a).

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-311, 62-39-312, 62-39-313, 62-39-329, 62-39-333, and 62-39-337. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed December 16, 1997; effective March 1, 1998. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008.

Rule 1255-01-.08 Qualification for General Certification is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.08           Qualifications for General Certification

- (1) An applicant applying for a state certified general real estate appraiser license shall first register as a real estate appraiser trainee, or be a licensed or certified residential real estate appraiser, and complete the experience requirements established in rule 1255-01-.12 and shall then satisfy the following education, experience and examination requirements as a prerequisite for certification:
  - (a) General Education. An applicant shall satisfy the following general education requirements as a prerequisite for certification as a state certified general real estate appraiser:
    1. Bachelors degree or higher, or in lieu of a degree, a minimum of thirty (30) college semester hours in all specified coursework as follows:
      - (i) English composition,
      - (ii) micro-economics and macro-economics,
      - (iii) computers-word processing/spreadsheets,
      - (iv) finance,
      - (v) business or real estate law,
      - (vi) algebra, geometry, or higher mathematics,
      - (vii) statistics, and
      - (viii) electives in accounting, geography, agricultural economics, business management, or real estate.
  - (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state certified general appraiser examination:
    1. Three hundred (300) classroom hours of courses in subjects related to real estate appraisal. These modules shall include (hereinafter "qualifying education requirement"):
      - (i) Fifteen (15) hours of the three hundred (300) hours must include the successful completion of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined through the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,
      - (l) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform

Standards of Professional Appraisal Practice Course only when at least one of the course instructors is an AQB Certified USPAP Instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser.

- (ii) Successful completion of a thirty (30) hour course in Appraisal Principles,
  - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures,
  - (iv) Successful completion of a thirty (30) hour course in General Appraiser Market Analysis and Highest and Best Use,
  - (v) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance,
  - (vi) Successful completion of a thirty (30) hour course in General Appraiser Sales Comparison Approach,
  - (vii) Successful completion of a thirty (30) hour course in General Appraiser Site Valuation and Cost Approach,
  - (viii) Successful completion of a sixty (60) hour course in General Appraiser Income Approach,
  - (ix) Successful completion of a thirty (30) hour course in General Appraiser Report Writing and Case Studies, and
  - (x) Successful completion of thirty (30) hours of appraisal subject matter electives. These may include hours over minimum shown above in other modules.
2. A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
3. An applicant's qualifying education requirement may include the one hundred fifty (150) classroom hour requirement for the licensed real estate appraiser classification or the two hundred (200) hour requirement for the certified residential real estate appraiser classification.
4. The Commission may grant an applicant credit toward the qualifying education requirement only where the length of the educational offering is at least fifteen (15) hours and the applicant successfully completes an examination pertinent to that educational offering.
5. An applicant may obtain credit for the qualifying education requirement from the following:
- (i) colleges or universities
  - (ii) community or junior colleges
  - (iii) real estate appraisal or real estate related organizations
  - (iv) state or federal agencies or commissions
  - (v) proprietary schools
  - (vi) other providers approved by the Commission

6. An applicant should refer to Chapter 1255-02 Evaluation of Education for further delineation of educational requirements.
  7. In the event that an applicant is denied, then an applicant for certification may file a written request for reconsideration with the Commission, appealing the Commission's evaluation of his or her education. The Commission shall consider the filed written request for reconsideration and reevaluate the applicant's education. In the event that the applicant's application for certification is denied after the education reevaluation, then the denial shall not create a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5) and the applicant may then reapply for certification.
- (c) Foreign Education. An applicant seeking to satisfy the general education requirements for a state certified general appraiser credential with college level education from a foreign institution shall have their education evaluated for equivalency by an accredited, degree-granting domestic college or university, The American Association of Collegiate Registrars and Admissions Officers (AACRAO), a foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES) or a foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.
- (d) Experience. An applicant must satisfy the following experience requirements as a prerequisite for certification as a state certified general real estate appraiser:
1. An applicant shall complete three thousand (3,000) hours of appraisal experience over a period of at least thirty (30) months preceding the date of the applicant's application to the Commission and the Commission shall treat the hours as cumulative. A registered trainee applicant shall complete the minimum of thirty (30) months of appraisal experience under the direct supervision of an appraiser certified by a real estate appraiser commission or board in any state. The experience must be sufficient to indicate to the Commission that the applicant is competent in the Uniform Standards of Professional Appraisal Practice. Acceptable appraisal experience includes, but is not limited to the following: fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.
  2. An applicant may obtain equivalent experience. The Commission shall determine what is considered equivalent experience, which demonstrates the applicant's competence in the Uniform Standards of Professional Appraisal Practice. Equivalent experience shall be limited to the following:
    - (i) A minimum of thirty (30) months of experience as a licensed or certified real estate appraiser in another state, territory or possession of the United States, or in any country; provided, that the applicant has otherwise met all requirements of Title 62, Chapter 39, and the rules promulgated by the Commission.
  3. An applicant shall complete at least one thousand five hundred (1,500) hours of the total three thousand (3,000) hours in non-residential appraisal work. Residential means one (1) to four (4) residential units. An applicant shall ensure that his or her experience shall satisfactorily demonstrate competence in the cost, income capitalization and direct sales comparison approaches to value.
  4. An applicant shall provide to the Commission a detailed listing of the types of real estate appraisal reports or file memoranda completed by the applicant for each

twelve (12)-month period during which the applicant claims that he or she has gained experience. The applicant shall provide verification for experience credit claimed on forms prescribed by the Commission, which shall include the following information:

- (i) type of property,
  - (ii) date of report,
  - (iii) address of appraised property,
  - (iv) description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser,
  - (v) number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type,
  - (vi) client name and address, and
  - (vii) signature and State certification number of the supervising appraiser, if applicable.
5. No experience credit will be granted that was obtained prior to January 30, 1989. An applicant shall submit sufficient recent experience to demonstrate the ability to apply the current Uniform Standards of Professional Appraisal Practice provisions.
6. There is no minimum number of hours that must have been obtained in any one (1) twelve (12)-month period.
- (e) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Certified General Real Property Appraiser Examination. An applicant must obtain licensure or certification designation within twenty-four (24) months from the date of passing score on the exam.
- (f) If, after passing the general certification examination, a registered trainee fails to meet any other requirements for certification prior to the expiration of the trainee's registration and the trainee fails to renew such registration, then the trainee may reapply for certification and retake the examination.
- (g) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for certification. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.
- (h) An applicant may complete the education, experience, and/or the examination requirements for licensure before January 1, 2008, in accordance with the Real Property Appraiser Qualifications Criteria including all interpretations and supplementary information as of November 1, 2005, as promulgated by the Appraiser Qualifications Board. In the event that an applicant starts, but does not complete all of the education, experience, and/or examination requirement for certification before January 1, 2008, then the applicant must complete the incomplete component(s) in accordance with the Appraiser Qualifications Criteria which became effective on January 1, 2008.
1. An applicant completing the education segment of the qualification criteria prior to January 1, 2008, will be required to complete one hundred-eighty (180) hours of qualifying education, which shall include:

(i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,

(I) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when the course is instructed by an Appraiser Qualifications Board Certified Instructor(s), of which there must be at least one (1) state certified residential real estate appraiser or state certified general real estate appraiser.

(ii) Successful completion of a thirty (30) hour course in Appraisal Principles, and

(iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures.

(iv) The remaining hours selected from courses approved as qualifying education at the time the course was offered.

2. An applicant applying for a State Certified General Appraiser certification who holds a current State Licensed Appraiser credential may satisfy the educational requirements for the State Certified General Appraiser credential by completing the following additional educational hours:

(i) Successful completion of a thirty (30) hour General Appraiser Market Analysis and Highest and Best Use course;

(ii) Successful completion of a thirty (30) hour General Appraiser Site Valuation and Cost Approach course;

(iii) Successful completion of a thirty (30) hour General Appraiser Sales Comparison Approach course;

(iv) Successful completion of a thirty (30) hour General Report Writing and Case Studies course;

(v) Successful completion of a fifteen (15) hour Statistics, Modeling and Finance course;

(vi) Successful completion of a sixty (60) hour General Appraiser Income Approach course; and

(vii) Successful completion of fifteen (15) hours of Appraisal Subject Matters electives.

3. An applicant applying for a State Certified General Appraiser Certification who holds a current State Certified Residential Appraiser credential and completed the educational component may satisfy the educational requirements for the State Certified General Appraiser credential by completing the following additional educational hours:

(i) Successful completion of a thirty (30) hour General Appraiser Market Analysis and Highest and Best Use course;

(ii) Successful completion of a thirty (30) hour General Appraiser Sales Comparison Approach course;

- (iii) Successful completion of a thirty (30) hour Site Valuation and Cost Approach course;
  - (iv) Successful completion of a sixty (60) hour General Appraiser Income Approach course; and,
  - (v) Successful completion of a thirty (30) hour General Appraiser Report Writing and Case Studies course.
- (i) An applicant applying for a State Certified Residential Appraiser certification pursuant to subsection (h) must also satisfy the college-level educational requirements as specified in 1255-01-.08(1)(a).

**Authority:** T.C.A. §§ 62-39-203, 62-39-204, 62-39-311, 62-39-312, 62-39-313, 62-39-329, 62-39-333, and 62-39-337. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed December 16, 1997; effective March 1, 1998. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008. Amendment filed April 14, 2008; effective August 28, 2008.

Rule 1255-01-.11 License and Certificate Renewal is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.11 License and Certificate Renewal

- (1) To obtain renewal of a license or certificate, the holder of a current, valid license or certificate must make application on a form available from the Commission not earlier than one hundred twenty (120) days nor later than thirty (30) days prior to the expiration of the license or certificate then held.
- (2) An application for renewal must be accompanied by the following renewal fee, plus the applicable federal registry fee:
  - (a) Renewal of real estate appraiser license . . . . . \$350.00
  - (b) Renewal of real estate appraiser certificate . . . . . \$350.00
- (3) Each application for renewal of a license or certificate shall be accompanied by sufficient evidence of having completed the continuing education requirement for renewal specified in the Act and the rules and presented in the form prescribed in Chapter 1255-4 Continuing Education.
- (4) If a license or certificate holder fails to file his or her application to renew a license or certificate with the Commission before thirty (30) days prior to the expiration thereof, the license or certificate holder may, upon payment of a one hundred dollar (\$100.00) penalty, apply for renewal.
- (5) No late renewal will be granted if a completed application is not received by the Commission within twelve (12) months since the expiration of the license or certificate.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-206, 62-39-301, 62-39-307, 62-39-315 and 62-39-333. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993, effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-01-.12 Registered Trainee is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.12 Registered Trainee

- (1) Application. An applicant for registration as a real estate appraiser trainee shall successfully complete the following requirements prior to obtaining registration:
  - (a) Obtain and complete the required application form from the Commission.
  - (b) Provide proof on the application form showing that he or she has obtained a high school diploma or its equivalent.
  - (c) Provide on the application form the name and certificate number of the certified real estate appraiser under whose direct supervision the applicant will serve.
  - (d) Provide the business address of his or her supervising appraiser and use that address as his or her business address. If an applicant has more than one (1) supervising appraiser, then the applicant shall use the business address of at least one (1) of his or her supervising appraisers.
  - (e) Complete an approved thirty (30)-hour course in Appraisal Principles, an approved thirty (30)-hour course in Practices and Procedures, and the fifteen (15)-hour National Uniform Standards of Professional Appraisal Practice Course.
  - (f) Submit with the application a nonrefundable application and registration fee of one hundred twenty-five dollars (\$125.00).
- (2) Upon receipt of a properly completed application form with the required aforementioned documentation and the required fee, the Commission shall review the application to determine whether to issue the applicant a real estate appraiser trainee registration certificate and number.
- (3) Education. Before registration, an applicant for trainee registration shall complete seventy-five (75) hours of courses in subjects related to real estate appraisal, which shall include, but shall not be limited to coverage of the Uniform Standards of Professional Appraisal Practice (hereinafter, "course credit"). An applicant shall complete the required course credit as a prerequisite to applying for registration as a registered trainee. All applicants shall submit evidence of completion of a minimum of an approved thirty (30)-hour course in Appraisal Principles, an approved thirty (30)-hour course in Practices and Procedures, and the fifteen (15)-hour National Uniform Standards of Professional Appraisal Practice Course. An applicant shall also ensure that his or her course credit complies with the following:
  - (a) A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
  - (b) An applicant may obtain course credit only where the minimum length of the education offering is fifteen (15) hours and the individual successfully completes the examination pertinent to that educational offering.
  - (c) An applicant may obtain course credit from the following:
    1. colleges or universities,
    2. community or junior colleges,
    3. real estate appraisal or real estate related organizations,
    4. proprietary schools,
    5. other providers approved by the Commission.

- (d) An applicant shall obtain course credit within the five (5)-year period immediately preceding an applicant's submission of his or her application for registration as a registered trainee.
- (e) The content for courses shall include, but is not limited to, coverage of the following real estate appraisal related topics:
  - 1. influences on real estate value,
  - 2. legal considerations in appraisals,
  - 3. types of value,
  - 4. economic principles,
  - 5. real estate markets and analysis,
  - 6. valuation process,
  - 7. property description,
  - 8. highest and best use analysis,
  - 9. appraisal statistical concepts,
  - 10. sales comparison approach,
  - 11. site value,
  - 12. cost approach,
  - 13. income approach,
  - 14. valuation of partial interests, and
  - 15. appraisal standards and ethics.

(4) Experience.

- (a) There is no experience prerequisite for an applicant to become a registered trainee.
- (b) A registered trainee may have more than one (1) supervising appraiser.
- (c) A registered trainee shall be subject to direct supervision by a supervising appraiser who shall be a state certified residential real estate appraiser or a state certified general real estate appraiser in good standing.
- (d) A registered trainee shall only appraise those properties which the supervising appraiser is permitted to appraise.
- (e) If a trainee's registration has expired or the trainee is no longer under the supervision of a state certified residential or state certified general real estate appraiser, then the registered trainee shall not perform the duties as a registered trainee until he or she submits an affidavit on a form provided by the Commission which states that he or she has a supervising appraiser. The registered trainee's supervising appraiser shall sign the affidavit stating that he or she is the supervising appraiser responsible for the registered trainee.

- (f) A registered trainee shall maintain an appraisal log of his or her experience, shall maintain a separate appraisal log for each supervising appraiser, and shall, at a minimum, include the following in the appraisal log:
    - 1. type of property,
    - 2. date of report,
    - 3. address of appraised property,
    - 4. description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser,
    - 5. number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type,
    - 6. client name and address, and
    - 7. signature and State certification number of the supervising appraiser.
  - (g) A registered trainee may conduct property inspections alone (without being accompanied by the supervising appraiser) only after completing five hundred (500) hours of acceptable experience. In order to conduct property inspections pursuant to this paragraph, the registered trainee shall submit a form to the Commission on which both the registered trainee and the supervising appraiser shall certify the experience.
  - (h) A registered trainee shall comply with the Uniform Standards of Professional Appraisal Practice.
- (5) Examination.
- (a) There is no examination prerequisite for an applicant to become a registered trainee.
  - (b) A registered trainee or applicant for registration as a registered trainee may apply to take the examination for a state licensed real estate appraiser license or a state certified residential appraiser; provided, that the applicant and/or registered trainee has completed all appropriate education requirements. An applicant for registration as a trainee and/or registered trainee may not apply to take the examination for a state certified general real estate appraiser until the trainee has completed all other requirements for general certification.
  - (c) If a registered trainee applies to take the examination prior to application for licensure and completion of the experience interview they shall remit a nonrefundable fee of fifty dollars (\$50.00) with his or her application to take the examination for a state licensed real estate appraiser or a state certified residential real estate appraiser. A registered trainee must obtain licensure or certification within twenty four (24) months of the examination date.
  - (d) A license or residential certificate will be issued to a registered trainee or applicant for registration as a registered trainee who passes the examination, only upon the registered trainee or applicant for registration as a registered trainee completing all requirements for licensure or residential certification. If all other requirements are not met prior to the expiration of a trainee's registration and the registered trainee fails to renew, then he or she loses credit for passing the examination.
  - (e) Once the registered trainee has completed all of the required qualifying education and experience, then the trainee may submit his or her application for registration. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The

Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.

- (6) Renewal.
- (a) A registered trainee's registration shall expire two (2) years after the date of issuance.
  - (b) A registered trainee must renew his or her registration, at least thirty (30) days prior to its expiration, by filing the prescribed form with the Commission and paying a renewal fee of one hundred twenty-five dollars (\$125.00).
  - (c) If a registered trainee fails to file the prescribed form and pay the renewal fee within thirty (30) days prior to its expiration, the registered trainee may, upon payment of a one hundred dollar (\$100.00) late renewal penalty in addition to the renewal fee, apply for renewal. No late renewal will be granted if more than six (6) months has passed since the expiration of the registered trainee's registration. The registered trainee may then reapply to be a registered trainee.
- (7) Continuing Education.
- (a) A registered trainee who remains in the classification of registered trainee in excess of two (2) years shall be required to obtain a minimum of twenty-eight (28) classroom hours of instruction in courses, seminars, workshops or conferences approved by the Commission, prior to the next renewal period (hereinafter, "continuing education").
  - (b) As part of a registered trainee's continuing education, a registered trainee shall complete the seven (7) hour National Uniform Standards of Professional Appraisal Practice Course at least once every two (2) years as defined and required by rule 1255-04-.01(2).
  - (c) A classroom hour is defined as fifty (50) minutes of actual instruction for each sixty (60) minute segment.
  - (d) The Commission may grant continuing education credit only where the length of the educational offering is at least two (2) hours.
  - (e) An applicant may obtain continuing education credit from the following:
    - 1. colleges or universities
    - 2. community or junior colleges
    - 3. real estate appraisal or real estate related organizations
    - 4. state or federal agencies or commissions
    - 5. proprietary schools
    - 6. other providers approved by the Commission
  - (f) The Commission may grant continuing education credit for educational offerings which are consistent with the purpose of continuing education stated in paragraph (g) below and cover real estate appraisal topics such as the following:
    - 1. ad valorem taxation
    - 2. arbitration
    - 3. business courses related to practice of real estate appraisal
    - 4. construction estimating

5. ethics and standards of professional practice
6. land use planning, zoning and taxation
7. management, leasing, brokerage and timesharing
8. property development
9. real estate appraisal (valuations/evaluations)
10. real estate law
11. real estate litigation
12. real estate financing and investment
13. real estate appraisal related computer applications
14. real estate securities and syndication
15. real property exchange

- (g) The purpose of continuing education is to ensure that a registered trainee participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraisal.
- (8) Each registered trainee shall notify the Commission of such registered trainee's current residence and principal place of business, all mailing and other addresses at which the registered trainee is currently engaged in the business of assisting in the preparation of real estate appraisal reports, and the name of the registered trainee's supervising appraiser(s). When a registered trainee changes any of the above addresses or supervising appraiser(s), the registered trainee shall notify the Commission, in writing, of such change within thirty (30) days thereafter.
- (9) No registered trainee may represent him or herself as a licensed or certified appraiser or use the appellation "State Licensed Real Estate Appraiser," "State Certified Residential Real Estate Appraiser," "State Certified General Real Estate Appraiser," or any form thereof, or do any other act which gives or is designed to give the impression that the registered trainee is a licensed or certified real estate appraiser.
- (10) Supervising Appraisers for Registered Trainees.
- (a) Prior to serving at the supervising appraiser for a registered trainee, an appraiser shall have obtained a minimum of two (2) years experience as a state certified residential or state certified general real estate appraiser. However, in the event that a licensed appraiser upgrades to a certified general or certified residential, then that appraiser may supervise a registered trainee immediately after being upgraded, provided that he or she has a minimum of five (5) years of appraiser experience.
- (b) The supervising appraiser shall sign each written appraisal report, relating to real property in this state, which was prepared by a registered trainee under the supervising appraiser's direct supervision.
- (c) A supervising appraiser shall ensure that the appraisal reports prepared by the registered trainee are prepared under the supervising appraiser's direct supervision. "Direct Supervision" of a registered trainee means that a supervising appraiser shall:
1. Accompany the registered trainee and personally inspect each subject property with the registered trainee on all assignments until the trainee has complete five hundred (500) hours of acceptable appraisal experience, and accompany the registered trainee and personally inspect each subject property with the registered trainee on all assignments that are over fifty (50) miles

from the supervising appraiser's office, even after the registered trainee has accumulated over five hundred (500) hours of acceptable appraisal experience;

2. Review the registered trainee's appraisal report(s) to ensure the registered trainee's research of general and specific data has been adequately conducted and properly reported, that the registered trainee's application of appraisal principles and methodologies has been properly applied, that the registered trainee's analysis is sound and adequately reported, and that any analyses, opinions, or conclusions of the registered trainee are adequately developed and reported so that the appraisal report is not misleading;
3. Review the registered trainee's work product and discuss with the registered trainee any edits, corrections, or modifications that need to be made to such work product, and make such edits, corrections, or modifications as are required to such work product; and
4. Accept responsibility for the appraisal report by signing the appraisal report and certify that the appraisal report has been prepared in compliance with the current edition of the Uniform Standards of Professional Appraisal Practice by:
  - (i) making a clear and prominent disclosure that the registered trainee has provided significant real property appraisal assistance in each appraisal report in accordance with Uniform Standards of Profession Appraisal Practice Standards Rule 2-2 and Standards Rule 2-3;
  - (ii) prohibiting the registered trainee from signing any appraisal report or other document involved in the appraisal which states or implies that said trainee is "licensed" or "certified" in any manner, and by prohibiting the registered trainee from engaging in any activity which is limited to licensed or certified appraisers, or which is designed to give third parties the impression that the registered trainee is a licensed or certified appraiser;
  - (iii) ensuring that the registered trainee gains sufficient knowledge, skills, and abilities that will enable such trainee to accomplish all of the following:
    - (I) Define the appraisal problem, which requires the trainee to:
      - I. Identify and locate the real estate;
      - II. Identify the property rights to be valued;
      - III. Identify the use of the appraisal;
      - IV. Define value(s) to be estimated;
      - V. Establish date(s) of value estimate(s)
      - VI. Identify and describe the scope of the appraisal; and
      - VII. Identify and describe limiting conditions.
    - (II) Conduct preliminary analysis, and select and collect applicable data, which requires the trainee to:
      - I. Identify general data (regional, city, and neighborhood)-social, economic, governmental and environmental factors;
      - II. Identify specific data (subject and comparables)-site and improvement, cost and depreciation, income/expense and capitalization rate, history of ownership and use of property; and
      - III. Identify competitive supply and demand in the subject market (inventory of competitive properties, sales and listings, vacancies and offerings, absorption rates, demand studies).
    - (III) Conduct an analysis of the subject property, which requires a trainee to analyze:
      - I. Site improvements;
      - II. Size;
      - III. Costs;
      - IV. Elements of comparison; and
      - V. Units of comparison;

- (IV) Conduct a highest and best use analysis (specified in terms of use, time, and market participants), which requires a trainee to analyze:
    - I. Land as if vacant and available; and
    - II. Property as improved (existing or proposed).
  - (V) Estimate land value, including on-site improvements.
  - (VI) Estimate value of the property using each of the three approaches to value-cost, sales comparison and income capitalization.
  - (VII) Reconcile each value indication and reconcile the final value estimate.
  - (VIII) Report estimate(s) of value(s) as defined.
- (d) A supervising appraiser may supervise a maximum of three (3) registered trainees at one time.
- (e) A supervising appraiser shall keep copies of appraisal reports for a period of at least five (5) years or at least two (2) years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last. The supervising appraiser shall allow the registered trainee to have reasonable access to his or her appraisal reports that he or she prepared upon the registered trainee's request for copies of the reports.
- (f) A supervising appraiser shall notify the board in writing if he or she is no longer the supervising appraiser for a registered trainee within thirty (30) days thereafter. If the disassociation is for cause, the cause shall be communicated to the Commission.
- (g) In any appraisal in which a registered trainee has inspected a subject property, the supervising appraiser is also required to disclose in the appraisal report whether the supervising appraiser has inspected the subject property both inside and out, and whether the supervising appraiser has made an exterior inspection of all comparables relied upon in the appraisal.

Authority: T.C.A. §§ 62-39-105, 62-39-203, 62-39-204, 62-39-303, 62-39-304, 62-39-317, 62-39-324, and 62-39-333. Administrative History: Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993, effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008. Amendments filed August 27, 2009; effective November 25, 2009.

Chapter 1255-2  
Evaluation of Appraiser Education

Amendments

Rule 1255-02-.01 Educational Logging is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-02-.01 Educational Logging

Each applicant for a license or certificate will be required to prepare an educational log.

- (1) The educational log shall provide the following information:
  - (a) Date of course
  - (b) Name of course
  - (c) Content of course
  - (d) Provider

- (e) Total classroom hours
  - (f) Location of course
- (2) An applicant may be required to provide additional information on education if deemed necessary by the Commission.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-303, 62-39-312 and 62-39-333. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-02-.03 Course Provider Applications is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-02-.03 Course Provider Applications

- (1) All applicants shall obtain qualifying education credit by successfully completing courses that are approved by the Commission. The Commission shall approve qualifying education courses and course providers based on the qualifications of the providers and the content of the courses. The Commission shall consider the following providers for approval:
  - (a) colleges or universities
  - (b) community or junior colleges
  - (c) real estate appraisal or real estate related organizations
  - (d) state or federal agencies or commissions
  - (e) proprietary schools
  - (f) other providers approved by the Commission.
- (2) The Commission may approve any qualifying education courses:
  - (a) individually; or
  - (b) as a group if multiple courses are being reviewed from the same provider.
- (3) Anyone seeking approval as a real estate appraisal course provider, and any real estate appraisal course provider seeking approval of a course or courses, shall submit the following with an application provided by the Commission:
  - (a) a resume outlining the education and experience of the instructor(s) of such course(s);
  - (b) a detailed description of the content of each course and the appropriate module(s) for education credit;
  - (c) the projected schedule for the teaching of such course(s);
  - (d) notwithstanding approval prior to July 1, 1991, all providers seeking approval of courses shall submit course outlines to the Commission for approval of each course; and
  - (e) such other information as the Commission may reasonably request.

**Authority:** T.C.A. §§62-39-203, 62-39-204, and 62-39-333. **Administrative History:** Original rule filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment

filed January 19, 2001; effective April 5, 2001. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-02-.13 Fees is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-02-.13 Fees

- (1) The required fee from a course provider for approval of courses fifteen (15) hours or longer shall be two hundred dollars (\$200.00) for each course. Once the application has been filed and processed, the application fee may not be refunded.
- (2) The required fee from a course provider for approval of courses less than fifteen (15) hours shall be one hundred dollars (\$100.00) for each course. Once the application has been filed and processed, the application fee may not be refunded.
- (3) Course approval shall be valid for a two year (2)-year period from the date of approval and shall be renewed biennially thereafter.
  - (a) The provider of an approved course who wishes to renew such approval shall submit an application, on a form approved by the Commission, along with a renewal fee of two hundred dollars (\$200.00) for each course fifteen (15) hours and over or one hundred dollars (\$100.00) for each course less than fifteen (15) hours, within thirty (30) days prior to the approval's expiration.
  - (b) In order to renew course approval and in addition to the payment of the appropriate fee, the provider shall also submit with the application a notarized statement certifying that the provider has not significantly changed the content of the course since its original approval.
  - (c) If a provider fails to renew course approval within thirty (30) days or the approval's expiration date, the provider may, upon payment of a fifty dollar (\$50.00) penalty, apply for a late renewal. No late renewals or course approval will be granted if over six (6) months have passed since expiration.
- (4) The Commission will not require a fee from state supported universities, colleges and junior colleges which provide courses for qualifying or continuing education.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-206, and 62-39-333. **Administrative History:** Original rule filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-03-.01 Hourly Credit Guidelines is repealed.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-313, 62-39-329, 62-39-333, and 62-39-337. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008.

Rule 1255-03-.02 Criteria for Standard and Review Appraisal Experience is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-03-.02 Criteria for Standard and Review Appraisal Experience

- (1) Acceptable Experience.
  - (a) If the applicant performed at least fifty percent (50%) of the appraisal report, then the Commission shall grant full credit for that appraisal, even if this work was reviewed by a supervising appraiser who signed the appraisal report. Except as provided below for

"review appraisals," credit will not be granted for appraisals where an applicant performed less than fifty percent (50%) of the work.

- (b) Review Appraisals: If the applicant performed a "review" of an appraisal performed by another person and the applicant prepared a separate written review appraisal report, in conformance with Standard 3 of the Uniform Standards of Appraisal Practice, the applicant will receive credit for the actual work hours performed on the assignment.
- (c) Mass Appraisals. The Commission shall grant experience credit to appraisers who perform mass appraisals in compliance with Standard Six of Uniform Standards of Professional Appraisal Practice and who demonstrate that they:
  - 1. use techniques to value properties similar to those used by appraisers practicing under Uniform Standards of Professional Appraisal Practice Standard One; and
  - 2. effectively use the appraisal process as referenced in the Guidelines of Standard Six of the Uniform Standards of Professional Appraisal Practice.
  - 3. Properties which conform to the preceding definitions should be credited for the actual work hours performed on the assignment. Mass appraisals shall comprise no more than twenty-five percent (25%) of the total experience hours required to become licensed or certified.
- (2) Requests for Reconsideration: If an applicant wishes to appeal the evaluation of his experience he may file a written request for individual review by the Commission. Nothing in this rule shall create the right to a formal contested proceeding (as defined by the Tennessee Administrative Procedures Act).
- (3) An applicant should also refer to Chapter 1255-1 General Provisions for further delineation of experience requirements.
- (4) No experience credit shall be given for evaluations.
- (5) In appropriate circumstances, the Commission may grant partial or whole credit for demonstration reports. No more than twenty-five percent (25%) of the experience requirement may be obtained through demonstration reports from AQB approved case study courses or practicum courses or demonstration reports approved by the Commission.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-303, 62-39-312, 62-39-313, 62-39-329, 62-39-333, and 62-39-337, as amended by 1991 Public Acts, Chapter 366. Administrative History: Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective February, 2008 (Revised) January 11, 1994. Amendment filed January 19, 2001; effective April 5, 2001. Amendments filed December 13, 2004; effective February 26, 2005. Amendments filed December 6, 2007; effective February 19, 2008.

Rule 1255-04-.01 Continuing Education Requirements is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

#### Rule 1255-04-.01 Continuing Education Requirements

- (1) As a prerequisite to renewal of a real estate appraiser license or certificate, the licensee or certificate holder shall complete at least twenty-eight (28) hours of continuing education instruction approved by the Commission during each renewal period, which is every two (2) years (hereinafter "continuing education").
  - (a) A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
  - (b) The Commission will grant credit toward the continuing education requirement only where the length of the educational offering is at least two (2) hours.

(c) A state licensed, state certified residential or a state certified general real estate appraiser may obtain credit for the continuing education requirement from the following:

1. colleges or universities
2. community or junior colleges
3. real estate appraisal or real estate related organizations
4. state or federal agencies or commissions
5. proprietary schools
6. other providers approved by the Commission

(d) The Commission may grant credit for educational offerings which cover real estate appraisal related topics, such as the following, which are consistent with the purpose of continuing education:

1. ad valorem taxation
2. arbitration, dispute resolution
3. courses related to practice of real estate appraisal or consulting
4. development cost estimating
5. ethics and standards of professional practice, USPAP
6. land use planning, zoning, taxation
7. management, leasing, timesharing
8. property development, partial interests
9. real estate law, easements, and legal interests
10. real estate litigation, damages, condemnation
11. real estate financing and investment
12. real estate appraisal related computer applications
13. real estate securities and syndication

(2) All licensees and certificate holders shall successfully complete the seven (7)-hour National Uniform Standards of Professional Appraisal Practice Update Course, or its equivalent, a minimum of once every two (2) years. Equivalency shall be determined through the Appraisal Qualifications Board Course Approval Program. The seven (7)-hour National Instructor

Recertification Course for Uniform Standards of Professional Appraisal Practice shall fulfill the seven (7) hour continuing education requirement for AQB approved instructors of the National Uniform Standards of Professional Appraisal Practice.

- (3) The Commission shall grant continuing education credit for the National Uniform Standards of Professional Appraisal Practice Update Course only when at least one of the instructors is an Appraiser Qualifications Board Certified Instructor and a state certified general or residential real estate appraiser.
- (4) The Commission shall grant continuing education credit for any course that a licensee has taken more than once if the course has undergone a significant update or if the licensee has not taken the course in the last five (5) years.
- (5) Seminars.
  - (a) The Commission may offer seminars to the licensees for which fees, as appropriate, may be collected to cover costs.
  - (b) These seminars may be used by the licensees for continuing education credit.
  - (c) These seminars may include, but are not limited to the following subjects: laws and rules, policies and Uniform Standards of Professional Appraisal Practice.
- (6) The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraisal.
- (7) The Commission may grant up to one half (1/2) of an individual's continuing education credit for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which the Commission determines are equivalent to obtaining continuing education. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-206, 62-39-306, 62-39-325 and 62-39-333. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008.

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Nancy Point	X				
Tim Walton	X				
Norman Hall	X				
James Wade	X				
Michael Green	X				
Rosemarie Johnson	X				

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Tennessee Real Estate Appraiser Commission (board/commission/ other authority) on January 17, 2012 (mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: November 14, 2011

Rulemaking Hearing(s) Conducted on: (add more dates). December 12, 2011

Date: May 5, 2014

Signature: Keeling R. Baird

Name of Officer: Keeling R. Baird

Title of Officer: Assistant General Counsel



Subscribed and sworn to before me on: May 5th 2014

Notary Public Signature: Joyce O. Carmichael

My commission expires on: January 9, 2018

All rulemaking hearing rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Robert E. Cooper, Jr.  
 Attorney General and Reporter  
5-16-14  
 Date

**Department of State Use Only**

Filed with the Department of State on: 5/23/14

Effective on: 8/21/14

Tre Hargett  
 Tre Hargett  
 Secretary of State

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**Public Hearing Comments:**

There were public comments received regarding Rule 1255-02-.04 Course Guidelines. As proposed the amendments would have allowed applicants and licensees to take one hundred percent (100%) of the qualifying and continuing education in a distance learning format. The comments received at the hearing were primarily in opposition of the rule amendment. After receiving comments, the Tennessee Real Estate Appraiser Commission unanimously voted to not proceed with the rule.

**Economic Impact Statement:**

- 1. Types of small businesses directly affected:

There are two thousand and fifty six (2056) licensed or certified appraisers in TN – most operate as independent fee appraisers.

- 2. Projected reporting, recordkeeping, and other administrative costs:

There will be no alterations in small business reporting and recordkeeping.

- 3. Probable effect on small businesses and consumers:

The rules could affect small businesses in that the rules will articulate the process for having foreign education approved. In addition, the rules specify the educational requirements for upgrading an appraisal credential. The rule changes will likely have no effect on consumers.

- 4. Less burdensome, intrusive, or costly alternative methods:

The proposed changes to the existing rules are minimally burdensome/intrusive to small businesses. The necessary costs of the regulation are offset by the protections provided to citizens of Tennessee.

- 5. Comparison with federal and state counterparts:

There are no federal counterparts or state counterparts.

- 6. Effect of possible exemption of small businesses:

Appraisers are licensed as individuals so an exemption for an appraiser operating as a small business is not possible.

**Impact on Local Governments**

Pursuant to T.C.A. 4-5-220 and 4-5-228 “any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments.” (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

The amendments will not have an impact local government.

**Additional Information Required by Joint Government Operations Committee**

All agencies, upon filing a rule, must also submit the following pursuant to TCA 4-5-226(i)(1).

- (A)** A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The amendments delete the application and fee for the downgrade of an appraiser license or certification and require foreign degree holders seeking to satisfy the general education requirements for an appraiser certification to have the foreign education evaluated for equivalency. The amendments specify the educational requirements to upgrade an appraiser license or certification. A rule which granted maximum credit for certain experience assignments is repealed in its entirety.

- (B)** A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) as amended by the Dodd Frank Wall Street Reform and Consumer Protection Act provides that the Appraisal Subcommittee (ASC) shall monitor the requirements established by States for certification and licensing of individuals who are qualified to perform appraisal in connection with federally related transactions. T.C.A. 62-39-203 provides that he Commission "shall adopt rules and regulations in aid or in furtherance of this chapter."

- (C)** Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

Licensed or certified appraisers in Tennessee. There were no comments received during the public meeting from members of the appraiser community either for/against the amendments.

- (D)** Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no attorney general opinions or any judicial rulings that directly relate to the rule.

- (E)** An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

The amendments are expected to have no impact on government revenue or expenditures.

- (F)** Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Nikole Avers, Administrative Director, Tennessee Real Estate Appraiser Commission  
Keeling R. Baird, Assistant General Counsel, Department of Commerce and Insurance

- (G)** Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Nikole Avers, Administrative Director, Tennessee Real Estate Appraiser Commission  
Keeling R. Baird, Assistant General Counsel, Department of Commerce and Insurance

- (H)** Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

500 James Robertson Pkwy.  
Nashville, TN 37243

615-532-6303

(l) Any additional information relevant to the rule proposed for continuation that the committee requests.

*Redline - no signature necessary*

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Sequence Number: \_\_\_\_\_  
 Rule ID(s): \_\_\_\_\_  
 File Date: \_\_\_\_\_  
 Effective Date: \_\_\_\_\_

# Rulemaking Hearing Rule(s) Filing Form

*Rulemaking Hearing Rules are rules filed after and as a result of a rulemaking hearing. T.C.A. § 4-5-205*

<b>Agency/Board/Commission:</b>	Tennessee Department of Commerce and Insurance
<b>Division:</b>	Tennessee Real Estate Appraiser Commission
<b>Contact Person:</b>	Keeling R. Baird
<b>Address:</b>	500 James Robertson Pkwy., Nashville, TN
<b>Zip:</b>	37243
<b>Phone:</b>	615-532-6303
<b>Email:</b>	Keeling.R.Baird@tn.gov

**Revision Type (check all that apply):**

- Amendment
- New
- Repeal

**Rule(s)** (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
1255-01	General Provisions
Rule Number	Rule Title
1255-01-.04	Application for Appraiser License or Certificate
1255-01-.07	Qualifications for State Certified Residential Appraisers
1255-01-.08	Qualification for General Certification
1255-01-.11	License and Certificate Renewal
1255-01-.12	Registered Trainee
Chapter Number	Chapter Title
1255-02	Evaluation of Appraiser Education
Rule Number	Rule Title
1255-02-.01	Educational Logging
1255-02-.03	Course Provider Applications
1255-02-.13	Fees
Chapter Number	Chapter Title
1255-03	Evaluation of Appraiser Experience
Rule Number	Rule Title
1255-03-.01	Hourly Credit Guidelines
1255-03-.02	Criteria for Standard and Review Appraisal Experience
Chapter Number	Chapter Title
1255-04	Continuing Education
Rule Number	Rule Title
1255-04-.01	Continuing Education Requirements

Chapter 1255-01  
General Provisions

Amendments

Rule 1255-01-.04 Application for Appraiser License or Certificate is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.04 Application for Appraiser License or Certificate

- (1) A person who wishes to file an application for a real estate appraiser license or certificate may obtain the required form upon request to the Commission.
- (2) At the time of filing an application for licensure or certification, each applicant shall sign a pledge to comply with the standards set forth in the Act and the Commission's rules and state that the applicant understands the types of misconduct for which disciplinary proceedings may be initiated against a state licensed or certified appraiser, as set forth in the Act.
- (3) Each applicant shall complete all application and examination requirements within one (1) year of the date the Commission grants approval for the applicant to take the required examination. An applicant may not take the required examination more than four (4) times within the one (1) year period following approval; thereafter, an applicant wishing to take the required examination shall reapply and submit a new application fee. The Commission may grant exceptions to the requirements set forth in this paragraph upon appropriate individual request.
- (4) Any person may apply for upgrade or ~~downgrade~~ of an unexpired license or certificate by filing an application for the same on a form which may be obtained from the Commission. The appropriate application fee must be filed with the application.
- (5) Filing and Fees. Properly completed applications must be accompanied by the appropriate fees. Once the application has been filed and processed, the application fee may not be refunded. The following fees shall be charged:
  - (a) Application for initial real estate appraiser license .....\$125.00
  - (b) Application for initial real estate appraiser certificate ..... \$125.00
  - (c) License or certificate issuance fee .....\$350.00
  - (d) Application for upgrade/~~downgrade~~ .....\$125.00
  - (e) Letter of good standing .....\$ 25.00
- (6) Payment of application fees shall be made by certified check, bank check or money order made payable to the State of Tennessee.

Authority: T.C.A. §§ 62-39-203, 62-39-204, 62-39-206, 62-39-307, 62-39-312, 62-39-315 and 62-39-333. Administrative History: Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001.

Rule 1255-01-.07 Qualifications for State Certified Residential Appraisers is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.07 Qualifications for State Certified Residential Appraisers

- (1) An applicant applying for a state certified residential real estate appraiser certification shall first register as a real estate appraiser trainee, or be a licensed or certified general real estate appraiser. The applicant shall then satisfy all of the following education, experience and examination requirements:
  - (a) General Education. An applicant shall satisfy the following general education

requirements as a prerequisite for certification as a state certified residential real estate appraiser:

1. Associate degree or higher, or in lieu of a degree, a minimum of twenty-one (21) college semester hours in all specified coursework as follows:
  - (i) English composition,
  - (ii) principles of economics (micro or macro),
  - (iii) computers-word processing/spreadsheets,
  - (iv) finance,
  - (v) business or real estate law,
  - (vi) algebra, geometry, or higher mathematics, and
  - (vii) statistics.
- (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state certified residential appraiser examination:
  1. Two hundred (200) classroom hours of courses in subjects related to real estate appraisal (hereinafter "qualifying education requirement"). These modules shall include:
    - (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined through the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,
    - (I) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when at least one of the course instructors is an AQB Certified USPAP Instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser.
    - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles,
    - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures,
    - (iv) Successful completion of a fifteen (15) hour course in Residential Market Analysis and Highest and Best Use,
    - (v) Successful completion of a fifteen (15) hour course in Residential Appraiser Site Valuation and Cost Approach,
    - (vi) Successful completion of a thirty (30) hour course in Sales Comparison and Income Approaches,
    - (vii) Successful completion of a fifteen (15) hour course in Residential Report Writing and Case Studies,
    - (viii) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance,

- (ix) Successful completion of a fifteen (15) hour course in Advanced Residential Applications and Case Studies, and
  - (x) Successful completion of twenty (20) hours of appraisal subject matter electives. These may include hours over minimum shown above in other modules.
2. A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
  3. The Commission may grant credit toward the qualifying education requirement only where the length of the educational offering is at least fifteen (15) hours and an applicant successfully completes an examination pertinent to that educational offering.
  4. An applicant may obtain credit for the qualifying education requirement from any of the following:
    - (i) colleges or universities
    - (ii) community or junior colleges
    - (iii) real estate appraisal or real estate related organizations
    - (iv) state or federal agencies or commissions
    - (v) proprietary schools
    - (vi) other providers approved by the Commission
  5. The qualifying education requirement may include the one hundred fifty (150) hour qualifying education requirement for the state licensed real estate appraiser classification.
  6. An applicant may refer to Chapter 1255-02 Evaluation of Education for further delineation of the qualifying education requirements.
  7. In the event of a denial, an applicant for certification may file a written request for reconsideration with the Commission, appealing the Commission's evaluation of the applicant's education. The Commission shall consider the filed written request for reconsideration and reevaluate the applicant's education. In the event that the applicant's application for certification is denied after the education reevaluation, then the denial shall not create a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, Tenn. Code Ann., Title 4, Chapter 5) and the applicant may then reapply for certification.
- (c) Foreign Education. An applicant seeking to satisfy the general education requirements for a state certified residential appraiser credential with college level education from a foreign institution shall have their education evaluated for equivalency by an accredited, degree-granting domestic college or university, The American Association of Collegiate Registrars and Admissions Officers (AACRAO), a foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES), or a foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.
- (d) Experience. An applicant shall satisfy the following experience requirements as a prerequisite for certification as a state certified residential real estate appraiser:

1. An applicant shall complete a minimum of two thousand five hundred (2,500) hours of appraisal experience over a period of at least twenty-four (24) months and the Commission shall treat the hours accumulated over the twenty-four (24) months as cumulative. A registered trainee applicant shall complete the minimum of twenty-four (24) months of appraisal experience under the direct supervision of an appraiser certified by a real estate appraiser commission or board in any state. The experience must be sufficient to indicate to the Commission that the applicant is competent in the Uniform Standards of Professional Appraisal Practice. Acceptable appraisal experience includes, but is not limited to the following: fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.
2. The applicant may also obtain equivalent experience. The Commission shall determine what is considered equivalent experience, which demonstrates the applicant's competence in the Uniform Standards of Professional Appraisal Practice. Equivalent experience shall be limited to the following:
  - (i) A minimum of twenty-four (24) months of experience as a licensed or certified real estate appraiser in another state, territory or possession of the United States, or in any country; provided, that the applicant has otherwise met all other requirements of Title 62, Chapter 39, and the rules promulgated by the Commission.
3. An applicant shall provide to the Commission a detailed listing of the types of real estate appraisal reports or file memoranda completed by the applicant for each twelve (12)-month period during which the applicant claims that he or she has gained experience. The applicant shall provide verification for experience credit claimed on forms prescribed by the Commission which shall include the following information:
  - (i) type of property;
  - (ii) date of report;
  - (iii) address of appraised property;
  - (iv) description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser;
  - (v) number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type;
  - (vi) client name and address; and,
  - (vii) signature and State certification number of the supervising appraiser, if applicable.
4. No experience credit will be granted that was obtained prior to January 30, 1989. An applicant shall submit sufficient recent experience to demonstrate the ability to apply the current Uniform Standards of Professional Appraisal Practice provisions.
5. There is no minimum number of hours that must have been obtained in any one (1) twelve (12)-month period.

(e) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Certified Residential Real Property Appraiser Examination. An applicant

must obtain certification designation within twenty-four (24) months from the date of passing score on the exam.

- (f) If, after passing the residential certification examination, a registered trainee fails to meet all other requirements for residential certification prior to the expiration of the trainee's registration and the trainee fails to renew such registration, then the trainee may reapply for certification and retake the examination.
- (g) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for certification. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.
- (h) An applicant may complete the education, experience, and/or the examination requirements for licensure before January 1, 2008, in accordance with the Real Property Appraiser Qualifications Criteria including all interpretations and supplementary information as of November 1, 2005, as promulgated by the Appraiser Qualifications Board. In the event that an applicant starts, but does not complete all of the education, experience, and/or examination requirement for certification before January 1, 2008, then the applicant must complete the incomplete component(s) in accordance with the Appraiser Qualifications Criteria which became effective on January 1, 2008.

1. An applicant completing the education segment of the qualification criteria prior to January 1, 2008 will be required to complete one hundred twenty (120) hours of qualifying education of which shall include:

- (i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,
- (l) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when the course is instructed by an Appraiser Qualifications Board Certified Instructor(s), of which there must be at least one (1) state certified residential real estate appraiser or state certified general real estate appraiser.
- (ii) Successful completion of a thirty (30) hour course in Appraisal Principles, and
- (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures.
- (iv) The remaining hours selected from courses approved as qualifying education at the time the course was offered.

2. An applicant applying for a State Certified Residential Appraiser certification who holds a current State Licensed Appraiser credential may satisfy the educational requirements for the State Certified Residential Real Estate Appraiser credential by completing the following additional educational hours:

- (i) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance;
- (ii) Successful completion of a fifteen (15) hour course in Advanced Residential Applications and Case Studies; and
- (iii) Successful completion of twenty (20) hours of appraisal subject matter electives. These may include hours over the minimum shown above in other modules.

3. An applicant applying for a State Certified Residential Appraiser certification pursuant to subsection (2) must also satisfy the college-level educational requirements as specified in 1255-01-.07(1)(a).

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-311, 62-39-312, 62-39-313, 62-39-329, 62-39-333, and 62-39-337. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed December 16, 1997; effective March 1, 1998. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008.

Rule 1255-01-.08 Qualification for General Certification is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.08           Qualifications for General Certification

- (1) An applicant applying for a state certified general real estate appraiser license shall first register as a real estate appraiser trainee, or be a licensed or certified residential real estate appraiser, and complete the experience requirements established in rule 1255-01-.12 and shall then satisfy the following education, experience and examination requirements as a prerequisite for certification:
- (a) General Education. An applicant shall satisfy the following general education requirements as a prerequisite for certification as a state certified general real state appraiser:
1. Bachelors degree or higher, or in lieu of a degree, a minimum of thirty (30) college semester hours in all specified coursework as follows:
    - (i) English composition,
    - (ii) micro-economics and macro-economics,
    - (iii) computers-word processing/spreadsheets,
    - (iv) finance,
    - (v) business or real estate law,
    - (vi) algebra, geometry, or higher mathematics,
    - (vii) statistics, and
    - (viii) electives in accounting, geography, agricultural economics, business management, or real estate.
- (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state certified general appraiser examination:
1. Three hundred (300) classroom hours of courses in subjects related to real estate appraisal. These modules shall include (hereinafter "qualifying education requirement"):
    - (i) Fifteen (15) hours of the three hundred (300) hours must include the successful completion of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined through the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,

- (i) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when at least one of the course instructors is an AQB Certified USPAP Instructor who is also a state certified residential real estate appraiser or state certified general real estate appraiser.
  - (ii) Successful completion of a thirty (30) hour course in Appraisal Principles,
  - (iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures,
  - (iv) Successful completion of a thirty (30) hour course in General Appraiser Market Analysis and Highest and Best Use,
  - (v) Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance,
  - (vi) Successful completion of a thirty (30) hour course in General Appraiser Sales Comparison Approach,
  - (vii) Successful completion of a thirty (30) hour course in General Appraiser Site Valuation and Cost Approach,
  - (viii) Successful completion of a sixty (60) hour course in General Appraiser Income Approach,
  - (ix) Successful completion of a thirty (30) hour course in General Appraiser Report Writing and Case Studies, and
  - (x) Successful completion of thirty (30) hours of appraisal subject matter electives. These may include hours over minimum shown above in other modules.
2. A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
3. An applicant's qualifying education requirement may include the one hundred fifty (150) classroom hour requirement for the licensed real estate appraiser classification or the two hundred (200) hour requirement for the certified residential real estate appraiser classification.
4. The Commission may grant an applicant credit toward the qualifying education requirement only where the length of the educational offering is at least fifteen (15) hours and the applicant successfully completes an examination pertinent to that educational offering.
5. An applicant may obtain credit for the qualifying education requirement from the following:
  - (i) colleges or universities
  - (ii) community or junior colleges
  - (iii) real estate appraisal or real estate related organizations
  - (iv) state or federal agencies or commissions
  - (v) proprietary schools

(vi) other providers approved by the Commission

6. An applicant should refer to Chapter 1255-02 Evaluation of Education for further delineation of educational requirements.
7. In the event that an applicant is denied, then an applicant for certification may file a written request for reconsideration with the Commission, appealing the Commission's evaluation of his or her education. The Commission shall consider the filed written request for reconsideration and reevaluate the applicant's education. In the event that the applicant's application for certification is denied after the education reevaluation, then the denial shall not create a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5) and the applicant may then reapply for certification.

(c) Foreign Education. An applicant seeking to satisfy the general education requirements for a state certified general appraiser credential with college level education from a foreign institution shall have their education evaluated for equivalency by an accredited, degree-granting domestic college or university, The American Association of Collegiate Registrars and Admissions Officers (AACRAO), a foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES) or a foreign degree credential evaluation service company that provides equivalency evaluation reports accepted by an accredited degree-granting domestic college or university or by a state licensing board that issues credentials in another discipline.

(d) Experience. An applicant must satisfy the following experience requirements as a prerequisite for certification as a state certified general real estate appraiser:

1. An applicant shall complete three thousand (3,000) hours of appraisal experience over a period of at least thirty (30) months preceding the date of the applicant's application to the Commission and the Commission shall treat the hours as cumulative. A registered trainee applicant shall complete the minimum of thirty (30) months of appraisal experience under the direct supervision of an appraiser certified by a real estate appraiser commission or board in any state. The experience must be sufficient to indicate to the Commission that the applicant is competent in the Uniform Standards of Professional Appraisal Practice. Acceptable appraisal experience includes, but is not limited to the following: fee and staff appraisal, ad valorem tax appraisal, condemnation appraisal, technical review appraisal, appraisal analysis, real estate consulting, highest and best use analysis, and feasibility analysis/study.
2. An applicant may obtain equivalent experience. The Commission shall determine what is considered equivalent experience, which demonstrates the applicant's competence in the Uniform Standards of Professional Appraisal Practice. Equivalent experience shall be limited to the following:
  - (i) A minimum of thirty (30) months of experience as a licensed or certified real estate appraiser in another state, territory or possession of the United States, or in any country; provided, that the applicant has otherwise met all requirements of Title 62, Chapter 39, and the rules promulgated by the Commission.
3. An applicant shall complete at least one thousand five hundred (1,500) hours of the total three thousand (3,000) hours in non-residential appraisal work. Residential means one (1) to four (4) residential units. An applicant shall ensure that his or her experience shall satisfactorily demonstrate competence in the cost, income capitalization and direct sales comparison approaches to value.

4. An applicant shall provide to the Commission a detailed listing of the types of real estate appraisal reports or file memoranda completed by the applicant for each twelve (12)-month period during which the applicant claims that he or she has gained experience. The applicant shall provide verification for experience credit claimed on forms prescribed by the Commission, which shall include the following information:
  - (i) type of property,
  - (ii) date of report,
  - (iii) address of appraised property,
  - (iv) description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser,
  - (v) number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type,
  - (vi) client name and address, and
  - (vii) signature and State certification number of the supervising appraiser, if applicable.
5. No experience credit will be granted that was obtained prior to January 30, 1989. An applicant shall submit sufficient recent experience to demonstrate the ability to apply the current Uniform Standards of Professional Appraisal Practice provisions.
6. There is no minimum number of hours that must have been obtained in any one (1) twelve (12)-month period.

(e) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Certified General Real Property Appraiser Examination. An applicant must obtain licensure or certification designation within twenty-four (24) months from the date of passing score on the exam.

(f) If, after passing the general certification examination, a registered trainee fails to meet any other requirements for certification prior to the expiration of the trainee's registration and the trainee fails to renew such registration, then the trainee may reapply for certification and retake the examination.

(g) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for certification. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.

(h) An applicant may complete the education, experience, and/or the examination requirements for licensure before January 1, 2008, in accordance with the Real Property Appraiser Qualifications Criteria including all interpretations and supplementary information as of November 1, 2005, as promulgated by the Appraiser Qualifications Board. In the event that an applicant starts, but does not complete all of the education, experience, and/or examination requirement for certification before January 1, 2008, then the applicant must complete the incomplete component(s) in accordance with the Appraiser Qualifications Criteria which became effective on January 1, 2008.

1. An applicant completing the education segment of the qualification criteria prior to January 1, 2008, will be required to complete one hundred-eighty (180) hours of qualifying education, which shall include:

(i) Successful completion of fifteen (15) hours of the National Uniform Standards of Professional Appraisal Practice Course or its equivalent. Equivalency shall be determined by the Appraiser Qualifications Board Course Approval Program or by an alternate method established by the Appraiser Qualifications Board,

(l) The Commission shall grant an applicant credit toward the qualifying education requirement for the National Uniform Standards of Professional Appraisal Practice Course only when the course is instructed by an Appraiser Qualifications Board Certified Instructor(s), of which there must be at least one (1) state certified residential real estate appraiser or state certified general real estate appraiser.

(ii) Successful completion of a thirty (30) hour course in Appraisal Principles, and

(iii) Successful completion of a thirty (30) hour course in Appraisal Practice or Procedures.

(iv) The remaining hours selected from courses approved as qualifying education at the time the course was offered.

2. An applicant applying for a State Certified General Appraiser certification who holds a current State Licensed Appraiser credential may satisfy the educational requirements for the State Certified General Appraiser credential by completing the following additional educational hours:

(i) Successful completion of a thirty (30) hour General Appraiser Market Analysis and Highest and Best Use course;

(ii) Successful completion of a thirty (30) hour General Appraiser Site Valuation and Cost Approach course;

(iii) Successful completion of a thirty (30) hour General Appraiser Sales Comparison Approach course;

(iv) Successful completion of a thirty (30) hour General Report Writing and Case Studies course;

(v) Successful completion of a fifteen (15) hour Statistics, Modeling and Finance course;

(vi) Successful completion of a sixty (60) hour General Appraiser Income Approach course; and

(vii) Successful completion of fifteen (15) hours of Appraisal Subject Matters electives.

3. An applicant applying for a State Certified General Appraiser Certification who holds a current State Certified Residential Appraiser credential and completed the educational component may satisfy the educational requirements for the State Certified General Appraiser credential by completing the following additional educational hours:

(i) Successful completion of a thirty (30) hour General Appraiser Market Analysis and Highest and Best Use course;

(ii) Successful completion of a thirty (30) hour General Appraiser Sales Comparison Approach course;

- (iii) Successful completion of a thirty (30) hour Site Valuation and Cost Approach course;
  - (iv) Successful completion of a sixty (60) hour General Appraiser Income Approach course; and
  - (v) Successful completion of a thirty (30) hour General Appraiser Report Writing and Case Studies course.
- (i) An applicant applying for a State Certified Residential Appraiser certification pursuant to subsection (h) must also satisfy the college-level educational requirements as specified in 1255-01-.08(1)(a).

**Authority:** T.C.A. §§ 62-39-203, 62-39-204, 62-39-311, 62-39-312, 62-39-313, 62-39-329, 62-39-333, and 62-39-337. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed December 16, 1997; effective March 1, 1998. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008. Amendment filed April 14, 2008; effective August 28, 2008.

Rule 1255-01-.11 License and Certificate Renewal is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.11 License and Certificate Renewal

- (1) To obtain renewal of a license or certificate, the holder of a current, valid license or certificate must make application on a form available from the Commission not earlier than one hundred twenty (120) days nor later than thirty (30) days prior to the expiration of the license or certificate then held.
- (2) An application for renewal must be accompanied by the following renewal fee, plus the applicable federal registry fee:
  - (a) Renewal of real estate appraiser license . . . . . \$350.00
  - (b) Renewal of real estate appraiser certificate . . . . . \$350.00
- (3) Each application for renewal of a license or certificate shall be accompanied by sufficient evidence of having completed the continuing education requirement for renewal specified in the Act and the rules and presented in the form prescribed in Chapter 1255-4 Continuing Education.
- (4) If a license or certificate holder fails to file his or her application to renew ~~his or her~~ a license or certificate with the Commission before thirty (30) days prior to the expiration thereof, the license or certificate holder may, upon payment of a one hundred dollar (\$100.00) penalty, apply for renewal.
- (5) No late renewal will be granted if a completed application is not received by the Commission within twelve (12) months since the expiration of the license or certificate.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-206 62-39-301, 62-39-307, 62-39-315 and 62-39-333. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993, effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-01-.12 Registered Trainee is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-01-.12 Registered Trainee

- (1) Application. An applicant for registration as a real estate appraiser trainee shall successfully complete the following requirements prior to obtaining registration:
  - (a) Obtain and complete the required application form from the Commission.
  - (b) Provide proof on the application form showing that he or she has obtained a high school diploma or its equivalent.
  - (c) Provide on the application form the name and certificate number of the certified real estate appraiser under whose direct supervision the applicant will serve.
  - (d) Provide the business address of his or her supervising appraiser and use that address as his or her business address. If an applicant has more than one (1) supervising appraiser, then the applicant shall use the business address of at least one (1) of his or her supervising appraisers.
  - (e) Complete an approved thirty (30)-hour course in Appraisal Principles, an approved thirty (30)-hour course in Practices and Procedures, and the fifteen (15)-hour National Uniform Standards of Professional Appraisal Practice Course.
  - (f) Submit with the application a nonrefundable application and registration fee of one hundred twenty-five dollars (\$125.00).
- (2) Upon receipt of a properly completed application form with the required aforementioned documentation and the required fee, the Commission shall review the application to determine whether to issue the applicant a real estate appraiser trainee registration certificate and number.
- (3) Education. Before registration, an applicant for trainee registration shall complete seventy-five (75) hours of courses in subjects related to real estate appraisal, which shall include, but shall not be limited to coverage of the Uniform Standards of Professional Appraisal Practice (hereinafter, "course credit"). An applicant shall complete the required course credit as a prerequisite to applying for registration as a registered trainee. All applicants shall submit evidence of completion of a minimum of an approved thirty (30)-hour course in Appraisal Principles, an approved thirty (30)-hour course in Practices and Procedures, and the fifteen (15)-hour National Uniform Standards of Professional Appraisal Practice Course. An applicant shall also ensure that his or her course credit complies with the following:
  - (a) A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
  - (b) An applicant may obtain course credit only where the minimum length of the education offering is fifteen (15) hours and the individual successfully completes the examination pertinent to that educational offering.
  - (c) An applicant may obtain course credit from the following:
    1. colleges or universities,
    2. community or junior colleges,
    3. real estate appraisal or real estate related organizations,
    4. proprietary schools,
    5. other providers approved by the Commission.
  - (d) An applicant shall obtain course credit within the five (5)-year period immediately preceding an applicant's submission of his or her application for registration as a registered trainee.

- (e) The content for courses shall include, but is not limited to, coverage of the following real estate appraisal related topics:
1. influences on real estate value,
  2. legal considerations in appraisals,
  3. types of value,
  4. economic principles,
  5. real estate markets and analysis,
  6. valuation process,
  7. property description,
  8. highest and best use analysis,
  9. appraisal statistical concepts,
  10. sales comparison approach,
  11. site value,
  12. cost approach,
  13. income approach,
  14. valuation of partial interests, and
  15. appraisal standards and ethics.

(4) Experience.

- (a) There is no experience prerequisite for an applicant to become a registered trainee.
- (b) A registered trainee may have more than one (1) supervising appraiser.
- (c) A registered trainee shall be subject to direct supervision by a supervising appraiser who shall be a state certified residential real estate appraiser or a state certified general real estate appraiser in good standing.
- (d) A registered trainee shall only appraise those properties which the supervising appraiser is permitted to appraise.
- (e) If a trainee's registration has expired or the trainee is no longer under the supervision of a state certified residential or state certified general real estate appraiser, then the registered trainee shall not perform the duties as a registered trainee until he or she submits an affidavit on a form provided by the Commission which states that he or she has a supervising appraiser. The registered trainee's supervising appraiser shall sign the affidavit stating that he or she is the supervising appraiser responsible for the registered trainee.
- (f) A registered trainee shall maintain an appraisal log of his or her experience, shall maintain a separate appraisal log for each supervising appraiser, and shall, at a minimum, include the following in the appraisal log:
  1. type of property,

2. date of report,
  3. address of appraised property,
  4. description of work performed by the trainee/applicant and scope of the review and supervision of the supervising appraiser,
  5. number of actual work hours by the trainee/applicant on the assignment, up to the maximum allotted by property type,
  6. client name and address, and
  7. signature and State certification number of the supervising appraiser.
- (g) A registered trainee may conduct property inspections alone (without being accompanied by the supervising appraiser) only after completing five hundred (500) hours of acceptable experience. In order to conduct property inspections pursuant to this paragraph, the registered trainee shall submit a form to the Commission on which both the registered trainee and the supervising appraiser shall certify the experience.
- (h) A registered trainee shall comply with the Uniform Standards of Professional Appraisal Practice.
- (5) Examination.
- (a) There is no examination prerequisite for an applicant to become a registered trainee.
  - (b) A registered trainee or applicant for registration as a registered trainee may apply to take the examination for a state licensed real estate appraiser license or a state certified residential appraiser; provided, that the applicant and/or registered trainee has completed all appropriate education requirements. An applicant for registration as a trainee and/or registered trainee may not apply to take the examination for a state certified general real estate appraiser until the trainee has completed all other requirements for general certification.
  - (c) If a registered trainee applies to take the examination prior to application for licensure and completion of the experience interview they shall remit a nonrefundable fee of fifty dollars (\$50.00) with his or her application to take the examination for a state licensed real estate appraiser or a state certified residential real estate appraiser. A registered trainee must obtain licensure or certification within twenty four (24) months of the examination date.
  - (d) A license or residential certificate will be issued to a registered trainee or applicant for registration as a registered trainee who passes the examination, only upon the registered trainee or applicant for registration as a registered trainee completing all requirements for licensure or residential certification. If all other requirements are not met prior to the expiration of a trainee's registration and the registered trainee fails to renew, then he or she loses credit for passing the examination.
  - (e) Once the registered trainee has completed all of the required qualifying education and experience, then the trainee may submit his or her application for registration. The Commission office shall not process an applicant's application if the required qualifying education and experience has not been satisfied or if the application is incomplete. The Commission office shall keep an incomplete application active for six (6) months, unless the applicant requests an extension in writing to the Commission.
- (6) Renewal.
- (a) A registered trainee's registration shall expire two (2) years after the date of issuance.

- (b) A registered trainee must renew his or her registration, at least thirty (30) days prior to its expiration, by filing the prescribed form with the Commission and paying a renewal fee of one hundred twenty-five dollars (\$125.00).
  - (c) If a registered trainee fails to file the prescribed form and pay the renewal fee within thirty (30) days prior to its expiration, the registered trainee may, upon payment of a one hundred dollar (\$100.00) late renewal penalty in addition to the renewal fee, apply for renewal. No late renewal will be granted if more than six (6) months has passed since the expiration of the registered trainee's registration. The registered trainee may then reapply to be a registered trainee.
- (7) Continuing Education.
- (a) A registered trainee who remains in the classification of registered trainee in excess of two (2) years shall be required to obtain a minimum of twenty-eight (28) classroom hours of instruction in courses, seminars, workshops or conferences approved by the Commission, prior to the next renewal period (hereinafter, "continuing education").
  - (b) As part of a registered trainee's continuing education, a registered trainee shall complete the seven (7) hour National Uniform Standards of Professional Appraisal Practice Course at least once every two (2) years as defined and required by rule 1255-04-.01(2).
  - (c) A classroom hour is defined as fifty (50) minutes of actual instruction for each sixty (60) minute segment.
  - (d) The Commission may grant continuing education credit only where the length of the educational offering is at least two (2) hours.
  - (e) An applicant may obtain continuing education credit from the following:
    - 1. colleges or universities
    - 2. community or junior colleges
    - 3. real estate appraisal or real estate related organizations
    - 4. state or federal agencies or commissions
    - 5. proprietary schools
    - 6. other providers approved by the Commission
  - (f) The Commission may grant continuing education credit for educational offerings which are consistent with the purpose of continuing education stated in paragraph (g) below and cover real estate appraisal topics such as the following:
    - 1. ad valorem taxation
    - 2. arbitration
    - 3. business courses related to practice of real estate appraisal
    - 4. construction estimating
    - 5. ethics and standards of professional practice
    - 6. land use planning, zoning and taxation
    - 7. management, leasing, brokerage and timesharing

8. property development
9. real estate appraisal (valuations/evaluations)
10. real estate law
11. real estate litigation
12. real estate financing and investment
13. real estate appraisal related computer applications
14. real estate securities and syndication
15. real property exchange

~~(g) The Commission may grant up to one half (1/2) of an individual's continuing education credit for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which the Commission determines are equivalent to obtaining continuing education. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle.~~

(g) The purpose of continuing education is to ensure that a registered trainee participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraisal.

(8) Each registered trainee shall notify the Commission of such registered trainee's current residence and principal place of business, all mailing and other addresses at which the registered trainee is currently engaged in the business of assisting in the preparation of real estate appraisal reports, and the name of the registered trainee's supervising appraiser(s). When a registered trainee changes any of the above addresses or supervising appraiser(s), the registered trainee shall notify the Commission, in writing, of such change within thirty (30) days thereafter.

(9) No registered trainee may represent him or herself as a licensed or certified appraiser or use the appellation "State Licensed Real Estate Appraiser," "State Certified Residential Real Estate Appraiser," "State Certified General Real Estate Appraiser," or any form thereof, or do any other act which gives or is designed to give the impression that the registered trainee is a licensed or certified real estate appraiser.

(10) Supervising Appraisers for Registered Trainees.

(a) Prior to serving at the supervising appraiser for a registered trainee, an appraiser shall have obtained a minimum of two (2) years experience as a state certified residential or state certified general real estate appraiser. However, in the event that a licensed appraiser upgrades to a certified general or certified residential, then that appraiser may supervise a registered trainee immediately after being upgraded, provided that he or she has a minimum of five (5) years of appraiser experience.

(b) The supervising appraiser shall sign each written appraisal report, relating to real property in this state, which was prepared by a registered trainee under the supervising appraiser's direct supervision.

(c) A supervising appraiser shall ensure that the appraisal reports prepared by the registered trainee are prepared under the supervising appraiser's direct supervision. "Direct Supervision" of a registered trainee means that a supervising appraiser shall:

1. Accompany the registered trainee and personally inspect each subject property with the registered trainee on all assignments until the trainee has complete five hundred (500) hours of

acceptable appraisal experience, and accompany the registered trainee and personally inspect each subject property with the registered trainee on all assignments that are over fifty (50) miles from the supervising appraiser's office, even after the registered trainee has accumulated over five hundred (500) hours of acceptable appraisal experience;

2. Review the registered trainee's appraisal report(s) to ensure the registered trainee's research of general and specific data has been adequately conducted and properly reported, that the registered trainee's application of appraisal principles and methodologies has been properly applied, that the registered trainee's analysis is sound and adequately reported, and that any analyses, opinions, or conclusions of the registered trainee are adequately developed and reported so that the appraisal report is not misleading;
3. Review the registered trainee's work product and discuss with the registered trainee any edits, corrections, or modifications that need to be made to such work product, and make such edits, corrections, or modifications as are required to such work product; and
4. Accept responsibility for the appraisal report by signing the appraisal report and certify that the appraisal report has been prepared in compliance with the current edition of the Uniform Standards of Professional Appraisal Practice by:
  - (i) making a clear and prominent disclosure that the registered trainee has provided significant real property appraisal assistance in each appraisal report in accordance with Uniform Standards of Professional Appraisal Practice Standards Rule 2-2 and Standards Rule 2-3;
  - (ii) prohibiting the registered trainee from signing any appraisal report or other document involved in the appraisal which states or implies that said trainee is "licensed" or "certified" in any manner, and by prohibiting the registered trainee from engaging in any activity which is limited to licensed or certified appraisers, or which is designed to give third parties the impression that the registered trainee is a licensed or certified appraiser;
  - (iii) ensuring that the registered trainee gains sufficient knowledge, skills, and abilities that will enable such trainee to accomplish all of the following:
    - (I) Define the appraisal problem, which requires the trainee to:
      - I. Identify and locate the real estate;
      - II. Identify the property rights to be valued;
      - III. Identify the use of the appraisal;
      - IV. Define value(s) to be estimated;
      - V. Establish date(s) of value estimate(s)
      - VI. Identify and describe the scope of the appraisal; and
      - VII. Identify and describe limiting conditions.
    - (II) Conduct preliminary analysis, and select and collect applicable data, which requires the trainee to:
      - I. Identify general data (regional, city, and neighborhood)-social, economic, governmental and environmental factors;
      - II. Identify specific data (subject and comparables)-site and improvement, cost and depreciation, income/expense and capitalization rate, history of ownership and use of property; and
      - III. Identify competitive supply and demand in the subject market (inventory of competitive properties, sales and listings, vacancies and offerings, absorption rates, demand studies).
    - (III) Conduct an analysis of the subject property, which requires a trainee to analyze:

- I. Site improvements;
  - II. Size;
  - III. Costs;
  - IV. Elements of comparison; and
  - V. Units of comparison;
- (IV) Conduct a highest and best use analysis (specified in terms of use, time, and market participants), which requires a trainee to analyze:
    - I. Land as if vacant and available; and
    - II. Property as improved (existing or proposed).
  - (V) Estimate land value, including on-site improvements.
  - (VI) Estimate value of the property using each of the three approaches to value-cost, sales comparison and income capitalization.
  - (VII) Reconcile each value indication and reconcile the final value estimate.
  - (VIII) Report estimate(s) of value(s) as defined.
- (d) A supervising appraiser may supervise a maximum of three (3) registered trainees at one time.
  - (e) A supervising appraiser shall keep copies of appraisal report for a period of at least five (5) years or at least two (2) years after final disposition of any judicial proceeding in which testimony was given, whichever period expires last. The supervising appraiser shall allow the registered trainee to have reasonable access to his or her appraisal reports that he or she prepared upon the registered trainee's request for copies of the reports.
  - (f) A supervising appraiser shall notify the board in writing if he or she is no longer the supervising appraiser for a registered trainee within thirty (30) days thereafter. If the disassociation is for cause, the cause shall be communicated to the Commission.
  - (g) In any appraisal in which a registered trainee has inspected a subject property, the supervising appraiser is also required to disclose in the appraisal report whether the supervising appraiser has inspected the subject property both inside and out, and whether the supervising appraiser has made an exterior inspection of all comparables relied upon in the appraisal.

Chapter 1255-2  
Evaluation of Appraiser Education

Amendments

Rule 1255-02-.01 Educational Logging is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-02-.01 Educational Logging

Each applicant for a license or certificate will be required to prepare an educational log.

- (1) The educational log shall provide the following information:
  - (a) Date of course
  - (b) Name of course

- (c) Content of course
  - (d) Provider
  - (e) Total classroom hours
  - (f) Location of course
- (2) ~~The log shall be certified by the applicant and authenticated by signature.~~ An applicant may be required to provide additional information on education if deemed necessary by the Commission.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-303, 62-39-312 and 62-39-333. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-02-.03 Course Provider Applications is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-02-.03 Course Provider Applications

- (1) All applicants shall obtain qualifying education credit by successfully completing courses that are approved by the Commission ~~from course providers who are approved by the Commission.~~ The Commission shall approve qualifying education courses and course providers based on the qualifications of the providers and the content of the courses. The Commission shall consider the following providers for approval:
  - (a) colleges or universities
  - (b) community or junior colleges
  - (c) real estate appraisal or real estate related organizations
  - (d) state or federal agencies or commissions
  - (e) proprietary schools
  - (f) other providers approved by the Commission.
- (2) The Commission ~~shall~~ may approve all any qualifying education courses ~~on an individual basis. :~~
  - (a) individually; or
  - (b) as a group if multiple courses are being reviewed from the same provider.
- (3) Anyone seeking approval as a real estate appraisal course provider, and any real estate appraisal course provider seeking approval of a course or courses, shall submit the following with an application provided by the Commission:
  - (a) a resume outlining the education and experience of the instructor(s) of such course(s);
  - (b) a detailed description of the content of each course and the appropriate module(s) for education credit;
  - (c) the projected schedule for the teaching of such course(s);
  - (d) notwithstanding approval prior to July 1, 1991, all providers seeking approval of courses shall submit course outlines to the Commission for approval of each course; and

- (e) such other information as the Commission may reasonably request.

**Authority:** T.C.A. §§62-39-203, 62-39-204, and 62-39-333. **Administrative History:** Original rule filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-02-.13 Fees is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-02-.13 Fees

- (1) The required fee from a course provider for approval of courses fifteen (15) hours or longer shall be two hundred dollars (\$200.00) for each course. Once the application has been filed and processed, the application fee may not be refunded.
- (2) The required fee from a course provider for approval of courses less than fifteen (15) hours shall be one hundred dollars (\$100.00) for each course. Once the application has been filed and processed, the application fee may not be refunded.
- (3) Course approval shall be valid for a two year (2)-year period from the date of approval and shall be renewed biennially thereafter.
  - (a) The provider of an approved course who wishes to renew such approval shall submit an application, on a form approved by the Commission, along with a renewal fee of two hundred dollars (\$200.00) for each course fifteen (15) hours and over or one hundred dollars (\$100.00) for each course less than fifteen (15) hours, within thirty (30) days prior to the approval's expiration.
  - (b) In order to renew course approval and in addition to the payment of the appropriate fee, the provider shall also submit with the application a notarized statement certifying that the provider has not significantly changed the content of the course since its original approval.
  - (c) If a provider fails to renew course approval within thirty (30) days or the approval's expiration date, the provider may, upon payment of a fifty dollar (\$50.00) penalty, apply for a late renewal. No late renewals or course approval will be granted if over six (6) months have passed since expiration.
- (4) The Commission will not require a fee from state supported universities, colleges and junior colleges which provide courses for qualifying or continuing education.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-206, and 62-39-333. **Administrative History:** Original rule filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Amendment filed January 19, 2001; effective April 5, 2001. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Amendment filed December 6, 2007; effective February 19, 2008.

Rule 1255-03-.01 Hourly Credit Guidelines is repealed.

~~Rule 1255-03-.01 Hourly Credit Guidelines.~~

- ~~(1) The Commission shall grant a maximum credit for experience as follows:~~

~~Hours~~

- ~~(a) Residential:~~

~~1. single family (one (1) unit dwelling) 8~~

2. ~~multi-family (two (2) to four (4) units) 15~~
  3. ~~vacant land (less than ten (10) acres) 5~~
  4. ~~vacant land from ten (10) acres to two hundred fifty (250) acres 15~~
  5. ~~vacant land over two hundred fifty (250) acres 30~~
  6. ~~subdivision sites (per site) (not to exceed fifty (50) hours) 5~~
- (b) ~~Land: undeveloped non-residential tracts, residential multi-family sites, commercial sites, industrial sites, land in transition, etc. 20~~
- (c) ~~Rural/Agricultural:~~
1. ~~Ten (10) to two hundred fifty (250) acres 20~~
  2. ~~Two hundred fifty (250) to one thousand (1,000) acres with improvements. (30)~~
  3. ~~Two hundred fifty (250) acres or more without improvements. 30~~
  4. ~~Over one thousand (1,000) acres with improvements. 40~~
  5. ~~An additional twenty (20) hours credit will be awarded for specialty property. "Specialty" means agricultural income-producing operations such as orchards, dairies, minerals, granary, livestock, hog barns, etc.~~
- (d) ~~Residential Multi-Family (five (5) to twelve (12) Units): Apartments, condominiums, townhouses, and manufactured homes. 35~~
- (e) ~~Residential Multi-Family (thirteen or more (13+) Units): Apartments, condominiums, townhouses, and mobile home parks (add ten (10) hours for proposed project projections). 50~~
- (f) ~~Commercial Single-Tenant: Office building, retail store, restaurant, service station, bank, day care center, etc. 35~~
- (g) ~~Commercial Multi-Tenant: Office building, shopping center, hotel, etc. (add ten (10) hours for proposed project projections). 60~~
- (h) ~~Industrial: Warehouse, manufacturing plant, etc. 50 institutional: Nursing home, hospital, school, church, government building, etc. 50~~
- (2) ~~The Commission shall grant thirty percent (30%) of the maximum experience hours allotted for the specified property type for exterior only inspection appraisals or appraisal assignments requiring no inspection of the subject property. No experience credit shall be given for evaluations.~~
  - (3) ~~The Commission may award credit for hours of appraisal experience for the appraisal of other types of real property not listed. The Commission shall, on an individual basis, determine the amount of credit to be awarded for such appraisals based on information provided.~~
  - (4) ~~The Commission may award credit on an individual basis for real estate counseling, highest and best use analysis and feasibility analysis, based upon a written request by the applicant.~~
  - (5) ~~In appropriate circumstances, the Commission may grant partial or whole credit for demonstration reports. No more than twenty five percent (25%) of the experience requirement may be obtained through demonstration reports from AQB approved case study courses or practicum courses or demonstration reports approved by the Commission.~~

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-313, 62-39-329, 62-39-333, and 62-39-337. Administrative History: Original rule filed August 1, 1991; effective September 15, 1991. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008.

Rule 1255-03-.02 Criteria for Standard and Review Appraisal Experience is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-03-.02 Criteria for Standard and Review Appraisal Experience

(1) Acceptable Experience.

~~(a) The Commission may award varying amounts of credit depending upon whether a Standard Appraisal, Condemnation, Review Appraisal or Mass Appraisal was performed.~~

(a) Standard Appraisal: If the applicant performed at least fifty percent (50%) of the appraisal report, then the Commission shall grant full credit for that appraisal, even if this work was reviewed by a supervising appraiser who signed the appraisal report. Except as provided below for "review appraisals," credit will not be granted for appraisals where an applicant performed less than fifty percent (50%) of the work.

~~(i) Experience credit for limited reports will be given one-half (½) of the credit normally allotted for the property type. No more than twenty-five percent (25%) of the total experience awarded can be derived from limited reports.~~

~~(ii) Except as provided below for "review appraisals," credit will not be granted for appraisals where an applicant performed less than fifty percent (50%) of the work.~~

~~2. Condemnation Appraisals:~~

~~(i) If a partial acquisition appraisal is performed and an valuation of both the before and after values are given then an additional twenty-five percent (25%) credit will be awarded. This credit shall be rounded to the nearest hour.~~

(b) Review Appraisals: If the applicant performed a "technical review" of an appraisal performed by another person and the applicant prepared a separate written review appraisal report, in conformance with Standard 3 of the Uniform Standards of Appraisal Practice, the applicant will receive credit for the actual work hours performed on the assignment, fifty percent (50%) of the hours normally allotted for that appraisal.

~~(ii) A "technical review" includes inspecting the property appraised, verifying the data, and checking calculations. No more than seventy-five percent (75%) of the total experience awarded can be derived from technical review.~~

(c) Mass Appraisals. The Commission shall grant experience credit to appraisers who perform mass appraisals in compliance with Standard Six of Uniform Standards of Professional Appraisal Practice and who demonstrate that they:

1. use techniques to value properties similar to those used by appraisers practicing under Uniform Standards of Professional Appraisal Practice Standard One; and

2. effectively use the appraisal process as referenced in the Guidelines of Standard Six of the Uniform Standards of Professional Appraisal Practice.

3. Properties which conform to the preceding definitions should be credited for the actual work hours performed on the assignment, for fifty percent (50%) of the hours normally allotted for the appraisal. Mass appraisals shall comprise no more than twenty-five percent (25%) of the total experience hours required to become licensed or certified.

- (2) Requests for Reconsideration: If an applicant wishes to appeal the evaluation of his experience he may file a written request for individual review by the Commission. Nothing in this rule shall create the right to a formal contested proceeding (as defined by the Tennessee Administrative Procedures Act).
- (3) An applicant should also refer to Chapter 1255-1 General Provisions for further delineation of experience requirements.
- (4) No experience credit shall be given for evaluations.
- (5) In appropriate circumstances, the Commission may grant partial or whole credit for demonstration reports. No more than twenty-five percent (25%) of the experience requirement may be obtained through demonstration reports from AQB approved case study courses or practicum courses or demonstration reports approved by the Commission.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-303, 62-39-312, 62-39-313, 62-39-329, 62-39-333, and 62-39-337, as amended by 1991 Public Acts, Chapter 366. Administrative History: Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective February, 2008 (Revised) January 11, 1994. Amendment filed January 19, 2001; effective April 5, 2001. Amendments filed December 13, 2004; effective February 26, 2005. Amendments filed December 6, 2007; effective February 19, 2008.

Rule 1255-04-.01 Continuing Education Requirements is amended by deleting the text of the rule in its entirety and substituting instead the following so that as amended the rule shall read:

Rule 1255-04-.01 Continuing Education Requirements

- (1) As a prerequisite to renewal of a real estate appraiser license or certificate, the licensee or certificate holder shall complete at least twenty-eight (28) hours of continuing education instruction approved by the Commission during each renewal period, which is every two (2) years (hereinafter "continuing education").
  - (a) A course hour is defined as fifty (50) minutes of teaching out of each sixty (60) minute segment.
  - (b) The Commission will grant credit toward the continuing education requirement only where the length of the educational offering is at least two (2) hours.
  - (c) A state licensed, state certified residential or a state certified general real estate appraiser may obtain credit for the continuing education requirement from the following:
    - 1. colleges or universities
    - 2. community or junior colleges
    - 3. real estate appraisal or real estate related organizations
    - 4. state or federal agencies or commissions
    - 5. proprietary schools
    - 6. other providers approved by the Commission
  - (d) The Commission may grant credit for educational offerings which cover real estate appraisal related topics, such as the following, which are consistent with the purpose of continuing education:

1. ad valorem taxation
2. arbitration, dispute resolution
3. courses related to practice of real estate appraisal or consulting
4. development cost estimating
5. ethics and standards of professional practice, USPAP
6. land use planning, zoning, taxation
7. management, leasing, timesharing
8. property development, partial interests
9. real estate law, easements, and legal interests
10. real estate litigation, damages, condemnation
11. real estate financing and investment
12. real estate appraisal related computer applications
13. real estate securities and syndication

- (2) All licensees and certificate holders shall successfully complete the seven (7)-hour National Uniform Standards of Professional Appraisal Practice Update Course, or its equivalent, a minimum of once every two (2) years. Equivalency shall be determined through the Appraisal Qualifications Board Course Approval Program. The seven (7)-hour National Instructor Recertification Course for Uniform Standards of Professional Appraisal Practice shall fulfill the seven (7) hour continuing education requirement for AQB approved instructors of the National Uniform Standards of Professional Appraisal Practice.
- (3) The Commission shall grant continuing education credit for the National Uniform Standards of Professional Appraisal Practice Update Course only when at least one of the instructors is an Appraiser Qualifications Board Certified Instructor and a state certified general or residential real estate appraiser.
- (4) The Commission shall grant continuing education credit for any course that a licensee has taken more than once if the course has undergone a significant update or if the licensee has not taken the course in the last five (5) years.
- (5) Seminars.
  - (a) The Commission may offer seminars to the licensees for which fees, as appropriate, may be collected to cover costs.
  - (b) These seminars may be used by the licensees for continuing education credit.

- (c) These seminars may include, but are not limited to the following subjects: laws and rules, policies and Uniform Standards of Professional Appraisal Practice.
- (6) The purpose of continuing education is to ensure that the appraiser participates in a program that maintains and increases his or her skill, knowledge and competency in real estate appraisal.
- (7) The Commission may grant up to one half (1/2) of an individual's continuing education credit for participation, other than as a student, in appraisal educational processes and programs. Examples of activities for which credit may be granted are teaching, program development, authorship of textbooks, or similar activities which the Commission determines are equivalent to obtaining continuing education. Credit for instructing any given course or seminar can only be awarded once during a continuing education cycle.

**Authority:** T.C.A. §§62-39-203, 62-39-204, 62-39-206, 62-39-306, 62-39-325 and 62-39-333. **Administrative History:** Original rule filed August 1, 1991; effective September 15, 1991. Amendment filed October 26, 1993; effective January 11, 1994. Amendment filed December 16, 1997; effective March 1, 1998. Repeal and new rule filed December 13, 2004; effective February 26, 2005. Repeal and new rule filed December 6, 2007; effective February 19, 2008.

Board Member	Aye	No	Abstain	Absent	Signature (if required)
Nancy Point	X				
Tim Walton	X				
Norman Hall	X				
James Wade	X				
Michael Green	X				
Rosemarie Johnson	X				

I certify that this is an accurate and complete copy of rulemaking hearing rules, lawfully promulgated and adopted by the Tennessee Real Estate Appraiser Commission (board/commission/ other authority) on January 17, 2012 (mm/dd/yyyy), and is in compliance with the provisions of T.C.A. § 4-5-222.

I further certify the following:

Notice of Rulemaking Hearing filed with the Department of State on: November 14, 2011

Rulemaking Hearing(s) Conducted on: (add more dates). December 12, 2011

Date: May 5, 2014

Signature: Keeling R. Baird

Name of Officer: Keeling R. Baird

Title of Officer: Assistant General Counsel



Subscribed and sworn to before me on: May 5th 2014

Notary Public Signature: Joyce O. Carmichael

My commission expires on: January 9, 2018

All rulemaking hearing rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Robert E. Cooper, Jr.  
Attorney General and Reporter

Date

**Department of State Use Only**

Filed with the Department of State on: \_\_\_\_\_

Effective on: \_\_\_\_\_

Tre Hargett  
Secretary of State

### **Public Hearing Comments:**

There were public comments received regarding Rule 1255-02-.04 Course Guidelines. As proposed the amendments would have allowed applicants and licensees to take one hundred percent (100%) of the qualifying and continuing education in a distance learning format. The comments received at the hearing were primarily in opposition of the rule amendment. After receiving comments, the Tennessee Real Estate Appraiser Commission unanimously voted to not proceed with the rule.

### **Economic Impact Statement:**

1. Types of small businesses directly affected:

There are two thousand and fifty six (2056) licensed or certified appraisers in TN – most operate as independent fee appraisers.

2. Projected reporting, recordkeeping, and other administrative costs:

There will be no alterations in small business reporting and recordkeeping.

3. Probable effect on small businesses and consumers:

The rules could affect small businesses in that the rules will articulate the process for having foreign education approved. In addition, the rules specify the educational requirements for upgrading an appraisal credential. The rule changes will likely have no effect on consumers.

4. Less burdensome, intrusive, or costly alternative methods:

The proposed changes to the existing rules are minimally burdensome/intrusive to small businesses. The necessary costs of the regulation are offset by the protections provided to citizens of Tennessee.

5. Comparison with federal and state counterparts:

There are no federal counterparts or state counterparts.

6. Effect of possible exemption of small businesses:

Appraisers are licensed as individuals so an exemption for an appraiser operating as a small business is not possible.

### **Impact on Local Governments**

Pursuant to T.C.A. 4-5-220 and 4-5-228 “any rule proposed to be promulgated shall state in a simple declarative sentence, without additional comments on the merits of the policy of the rules or regulation, whether the rule or regulation may have a projected impact on local governments.” (See Public Chapter Number 1070 (<http://state.tn.us/sos/acts/106/pub/pc1070.pdf>) of the 2010 Session of the General Assembly)

The amendments will not have an impact local government.

**Additional Information Required by Joint Government Operations Committee**

All agencies, upon filing a rule, must also submit the following pursuant to TCA 4-5-226(i)(1).

- (A) A brief summary of the rule and a description of all relevant changes in previous regulations effectuated by such rule;

The amendments delete the application and fee for the downgrade of an appraiser license or certification and require foreign degree holders seeking to satisfy the general education requirements for an appraiser certification to have the foreign education evaluated for equivalency. The amendments specify the educational requirements to upgrade an appraiser license or certification. A rule which granted maximum credit for certain experience assignments is repealed in its entirety.

- (B) A citation to and brief description of any federal law or regulation or any state law or regulation mandating promulgation of such rule or establishing guidelines relevant thereto;

Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) as amended by the Dodd Frank Wall Street Reform and Consumer Protection Act provides that the Appraisal Subcommittee (ASC) shall monitor the requirements established by States for certification and licensing of individuals who are qualified to perform appraisal in connection with federally related transactions. T.C.A. 62-39-203 provides that the Commission "shall adopt rules and regulations in aid or in furtherance of this chapter."

- (C) Identification of persons, organizations, corporations or governmental entities most directly affected by this rule, and whether those persons, organizations, corporations or governmental entities urge adoption or rejection of this rule;

Licensed or certified appraisers in Tennessee. There were no comments received during the public meeting from members of the appraiser community either for/against the amendments.

- (D) Identification of any opinions of the attorney general and reporter or any judicial ruling that directly relates to the rule;

There are no attorney general opinions or any judicial rulings that directly relate to the rule.

- (E) An estimate of the probable increase or decrease in state and local government revenues and expenditures, if any, resulting from the promulgation of this rule, and assumptions and reasoning upon which the estimate is based. An agency shall not state that the fiscal impact is minimal if the fiscal impact is more than two percent (2%) of the agency's annual budget or five hundred thousand dollars (\$500,000), whichever is less;

The amendments are expected to have no impact on government revenue or expenditures.

- (F) Identification of the appropriate agency representative or representatives, possessing substantial knowledge and understanding of the rule;

Nikole Avers, Administrative Director, Tennessee Real Estate Appraiser Commission  
Keeling R. Baird, Assistant General Counsel, Department of Commerce and Insurance

- (G) Identification of the appropriate agency representative or representatives who will explain the rule at a scheduled meeting of the committees;

Nikole Avers, Administrative Director, Tennessee Real Estate Appraiser Commission  
Keeling R. Baird, Assistant General Counsel, Department of Commerce and Insurance

- (H) Office address, telephone number, and email address of the agency representative or representatives who will explain the rule at a scheduled meeting of the committees; and

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Nashville, TN 37243

615-532-6303

(I) Any additional information relevant to the rule proposed for continuation that the committee requests.