

**Department of State**  
**Division of Publications**  
 312 Rosa L. Parks, 8th Floor Snodgrass/TN Tower  
 Nashville, TN 37243  
 Phone: 615.741.2650  
 Email: publications.information@tn.gov

**For Department of State Use Only**

Sequence Number: 11-03-14  
 Notice ID(s): 2258-2061  
 File Date: 11/4/14

# Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.

<b>Agency/Board/Commission:</b>	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 37243
<b>Phone:</b>	615-532-6303
<b>Email:</b>	Keeling.R.Baird@tn.gov

Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

<b>ADA Contact:</b>	Don Coleman
<b>Address:</b>	500 James Robertson Parkway, Nashville, TN 37243
<b>Phone:</b>	(615) 741-6500
<b>Email:</b>	Don.Coleman@tn.gov

**Hearing Location(s)** (for additional locations, copy and paste table)

Address 1:	500 James Robertson Parkway		
Address 2:	1 <sup>st</sup> Floor, Conference Room 1-A		
City:	Nashville, TN		
Zip:	37243		
Hearing Date :	1/12/15		
Hearing Time:	9:30 A.M.	<input checked="" type="checkbox"/> X CST/CDT	<input type="checkbox"/> EST/EDT

**Additional Hearing Information:**

--

**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-.02	Definitions
1255-01-.03	Restrictions for Appraiser Practice
1255-01-.04	Application for Appraiser License or Certificate

1255-01-.05	Qualifications for State Licensed Appraiser
1255-01-.07	Qualifications for State Certified Residential Appraisers
1255-01-.08	Qualification for General Certification
1255-01-.09	Denial of License or Certificate
1255-01-.11	License and Certificate Renewal
1255-01-.12	Registered Trainee
1255-01-.16	Fingerprinting
<b>Chapter Number</b>	<b>Chapter Title</b>
1255-02	Evaluation of Appraiser Education
<b>Rule Number</b>	<b>Rule Title</b>
1255-02-.01	Educational Logging
1255-02-.03	Course Provider Applications
1255-02-.04	Course Guidelines
1255-02-.13	Fees
<b>Chapter Number</b>	<b>Chapter Title</b>
1255-04	Continuing Education
<b>Rule Number</b>	<b>Rule Title</b>
1255-04-.01	Continuing Education Requirements
<b>Chapter Number</b>	<b>Chapter Title</b>
1255-06	Reciprocity
<b>Rule Number</b>	<b>Rule Title</b>
1255-06-.01	Reciprocal Agreements
1255-06-.03	Expedited Licensure for Certain Military Personnel and Spouses

Rules  
Of  
Tennessee Real Estate Appraiser Commission

Chapter 1255-01  
General Provisions

Amendments

Rule 1255-01-.02 Definitions is amended by adding a new paragraph (9) which shall read as follows:

1255-01-.02 Definitions.

- (9) "Good Standing" means a person has not been subject to any disciplinary action within any jurisdiction within the last three (3) years that affects the appraiser's legal eligibility to engage in appraisal practice. An appraiser subject to a disciplinary action would be considered to be in "good standing" three (3) years after the successful completion/termination of the sanction imposed against the appraiser.

Authority: T.C.A. §§ 62-39-203 and 62-39-333.

Rule 1255-01-.03 is amended by deleting the text of the rule in its entirety and replacing it with the following language so that, as amended, the rule shall read:

1255-01-.03 Restrictions on Appraiser Practice.

- (1) An appraiser shall be required to comply with the transaction limits set forth in Tennessee Code Annotated, Title 62, Chapter 39. Violation of these limits shall be grounds for disciplinary action.
- (2) For the purposes of this rule, "transaction value" means:
- (a) For loans or other extensions of credit, the amount of the loan or extension of credit;
- (b) For sales, leases, purchases, and investments in or exchanges of real property, the market value of the real property interest involved; and

- (c) For the pooling of loans or interests in real property for resale or purchase, the amount of the loan or market value of the real property calculated with respect to each such loan or interest in real property.
- (d) For condemnation appraisals the value will be the total market value of the property before any acquisition of property occurs.
- (e) For non-federally related transaction appraisals, transaction value shall mean market value.
  - 1. The classification includes the appraisal of vacant or unimproved land that is utilized for one-to-four residential units, or for which the highest and best use is for one-to-four residential units.
  - 2. The classification does not include the appraisal of subdivisions for which a development analysis/appraisal is necessary.
- (3) No language in any Commission rule shall authorize an appraiser to appraise any property that would cause the appraiser to violate the competency provision of the edition of the Uniform Standards of Professional Appraisal Practice effective when the work was performed.

Authority: T.C.A. §§ 62-39-203, 62-39-302 and 62-39-333.

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) All new applicants for a real property appraiser credential who are not currently licensed or certified and in good standing in another jurisdiction must undergo a State and national background check. Applicants shall submit fingerprints of the individual applying for the credential, in digital form if practicable, and any appropriate identifying information for submission to the Federal Bureau of Investigation and/or any governmental agency or entity authorized to perform such background checks.
- (2) A person who wishes to file an application for a real estate appraiser trainee registration, license or certificate may obtain the required form upon request to the Commission.
- (3) At the time of filing an application for trainee registration, 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 registered trainee, state licensed or certified appraiser, as set forth in the Act.
- (4) 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.
- (5) 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.
- (6) 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
- (f) Application for temporary authorization..... \$31.25 per six (6) month increment
- (g) Temporary authorization issuance fee..... \$31.25 per six (6) month increment

(7) 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.

Rule 1255-01-.05 Qualifications for State Licensed Appraiser 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-.05 Qualifications for State Licensed Appraiser

(1) An applicant for a state licensed real estate appraiser license who has satisfied the prerequisites for certification provided in rule 1255-01-.07 or rule 1255-01-.08 will also satisfy the requirements of this rule. All other applicants for a state licensed real estate appraiser license shall first register as a registered trainee with the Commission and complete the training requirements established in rule 1255-01-.12. An 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 licensure as a state licensed real estate appraiser:
  1. Applicants for the licensed Residential credential shall successfully complete thirty (30) semester hours of college-level education from an accredited college, junior college, community college, or university. The college or university must be a degree-granting institution accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. If an accredited college or university accepts the College-level Examination Program® (CIEP) and examination(s) and issues a transcript for the exam showing its approval, it will be considered as credit for the college course.
  2. Applicants holding an Associate degree, or higher, from an accredited college, junior college, community college, or university satisfy the thirty (30) hour college-level education requirement.
  3. Applicants with a college degree from a foreign country may have their education evaluated for "equivalency" by one of the following:
    - (i) An accredited, degree-granting domestic college or university;
    - (ii) The American Association of Collegiate Registrars and Admissions Officers (AACRAO);
    - (iii) A foreign degree credential evaluation service company that is a member of the National Association of Credential Evaluation Services (NACES); or

- (iv) 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.
- (b) Appraisal Education. An applicant shall satisfy the following appraisal education requirements as a prerequisite to sit for the state licensed appraiser examination:
1. One hundred fifty (150) classroom hours of courses in subjects related to real estate appraisal (hereinafter, "qualifying education requirement") 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 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, and
    - (vii) Successful completion of a fifteen (15) hour course in Residential Report Writing and Case Studies.
  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 the individual 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 educational providers:
    - (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
  - (vii) The Appraisal Foundation or its Boards.
5. An applicant may refer to Chapter 1255-02 Evaluation of Education for further delineation of qualifying educational requirements.
  6. In the event of a denial, an applicant for licensure 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 licensure 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 licensure.
- (c) Experience. An applicant shall satisfy the following experience requirements as a prerequisite for licensure as a state licensed real estate appraiser:
1. An applicant shall complete a minimum of two thousand (2,000) hours of appraisal experience over a period of at least twenty-four (24) months preceding the date of the application to the Commission. The Commission shall treat the hours accumulated over the twenty-four (24) months as cumulative. An 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.
  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 established 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 that the applicant claims that he or she has gained experience. Separate appraisal logs shall be maintained for each supervisory appraiser, if applicable. 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 be obtained in any one (1) twelve (12)-month period.
- (d) Examination. An applicant shall successfully complete the Appraiser Qualifications Board endorsed Uniform State Licensed 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.
  - (e) Once the applicant has completed all of the required qualifying education and experience, then the applicant may submit his or her application for licensure. 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.

Authority: T.C.A. §§ 62-39-203, 62-39-204, 62-39-303, 62-39-329, 62-39-333, and 62-39-337.

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. Bachelor's degree or higher.
  - (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
    - (vii) The Appraisal Foundation or its Boards

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. 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.
  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. Separate appraisal logs shall be maintained for each supervisory appraiser, if applicable. 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;
  - (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) 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.
- (g) 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:
- 1. Successful completion of a fifteen (15) hour course in Statistics, Modeling and Finance;
  - 2. Successful completion of a fifteen (15) hour course in Advanced Residential Applications and Case Studies; and
  - 3. Successful completion of twenty (20) hours of appraisal subject matter electives. These may include hours over the minimum shown above in other modules.
- (h) An applicant applying for a State Certified Residential Appraiser certification pursuant to subparagraph (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.

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. Bachelor's degree or higher.
  - (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
    - (vii) The Appraisal Foundation or its Boards.
  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.

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. Separate appraisal logs shall be maintained for each supervisory appraiser, if applicable. 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) 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.
- (g) 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:
  1. Successful completion of a thirty (30) hour General Appraiser Market Analysis and Highest and Best Use course;
  2. Successful completion of a thirty (30) hour General Appraiser Site Valuation and Cost Approach course;
  3. Successful completion of a thirty (30) hour General Appraiser Sales Comparison Approach course;
  4. Successful completion of a thirty (30) hour General Report Writing and Case Studies course;
  5. Successful completion of a fifteen (15) hour Statistics, Modeling and Finance course; and
  6. Successful completion of a sixty (60) hour General Appraiser Income Approach course.
- (h) An applicant applying for a State Certified General Appraiser Certification who holds a current State Certified Residential Appraiser credential may satisfy the educational requirements for the State Certified General Appraiser credential by completing the following additional educational hours:
  1. Successful completion of a thirty (30) hour General Appraiser Market Analysis and Highest and Best Use course;
  2. Successful completion of a thirty (30) hour General Appraiser Sales Comparison Approach course;
  3. Successful completion of a thirty (30) hour Site Valuation and Cost Approach course;
  4. Successful completion of a sixty (60) hour General Appraiser Income Approach course; and,
  5. 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 subparagraph (g) 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.

Rule 1255-01-.09 Denial of License or Certificate is amended by adding new subparagraphs (1) and (2), which shall read as follows, and renumbering the existing paragraphs appropriately so that, as amended, the rule shall read:

1255-01-.09 Denial of License or Certificate.

- (1) An applicant for registration as a trainee, licensure or certification shall not possess a background that could call into question public trust. Applicants shall not be eligible for a real estate appraiser registration, license or certification if:
  - (a) The applicant has had an appraiser license or certification revoked in any governmental jurisdiction within the five (5) year period immediately preceding the date of application.
  - (b) The applicant has been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, or foreign court:
    1. during the five (5) year period immediately preceding the date of the application for licensing or certification; or
    2. at any time preceding the date of application, if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering.
  - (c) The applicant has failed to demonstrate character and general fitness such as to command the confidence of the community and to warrant a determination that the appraiser will operate honestly, fairly, and ethically within the purposes of the Real Property Appraiser Qualification Criteria issued by the AQB.
- (2) The Commission may deny an application for registration, license or certification if the background information for the applicant includes:
  - (a) Conviction of any felony.
  - (b) Convictions of any criminal offense involving dishonesty, breach of trust, or money laundering against the individual or organizations controlled by the individual, or agreements to enter into a pretrial diversion or similar program in connection with the prosecution for such offense(s);
  - (c) Civil judicial actions against the individual in connection with financial services-related activities, dismissals with settlements, or judicial findings that the individual violated financial services-related statutes or regulations, except for actions dismissed without a settlement agreement; Actions or orders by a State or Federal regulatory agency or foreign financial regulatory authority that:
  - (d) Actions or orders by a State or Federal regulatory agency or foreign financial regulatory authority that:
    1. Found the individual to have made a false statement or omission or been dishonest, unfair or unethical; to have been involved in a violation of a financial services-related regulation or statute; or to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked, or restricted;
    2. Are entered against the individual in connection with a financial services-related activity;
    3. Denied, suspended, or revoked the individual's registration or license to engage in a financial services-related activity; disciplined the individual or otherwise by order prevented the individual from associating with a financial services-related business or restricted the individual activities; or
    4. Barred the individual from association with an entity or its officers regulated by the agency or authority or from engaging in a financial services-related business;
  - (e) Final orders issued by a State or Federal regulatory agency or foreign financial regulatory authority based on violations of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct;
  - (f) Revocation or suspension of the individual's authorization to act as an attorney, accountant, or State or Federal contractor; and

- (g) Customer-initiated financial services-related arbitration or civil action against the individual that required action, including settlements, or which resulted in a judgment.
  - (h) Any false or misleading information is reported on an application submitted to the board.
- (3) An applicant denied a license or certificate shall be notified in writing by the Commission of such denial and the reasons therefor. Such applicant may request an informal conference with the Commission to reconsider such denial at its next scheduled meeting. Such request must be sent to the Commission office within thirty (30) days of the date of the notice of denial.
- (4) Nothing in this rule shall be construed as creating the right to a contested case proceeding (as defined by the Tennessee Administrative Procedures Act, T.C.A. Title 4, Chapter 5) if a license or certificate is denied an applicant.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-316, 62-39-326, and 62-39-333.

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 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 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.

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) On or after January 1, 2015, registered trainees shall be required to complete a seven (7) hour course that, at a minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of Supervisory Appraisers and Trainee Appraisers. The course is to be completed by the registered trainee prior to application.
  - (g) 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 subparagraph (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) Supervisory appraisers shall be state-certified and in "good standing" in the jurisdiction in which the trainee appraiser practices for a period of at least three (3) years. Supervisory appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last three (3) years that affects the supervisory appraiser's legal eligibility to engage in appraisal practice. A supervisory appraiser subject to a disciplinary action would be considered to be in "good standing" three (3) years after the successful completion/termination of the sanction imposed against the appraiser.
  - (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 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) On or after January 1, 2015, supervisory appraisers shall be required to complete a seven (7) hour course that, at a minimum, complies with the specifications for course content established by the AQB, which is specifically oriented to the requirements and responsibilities of supervisory appraisers and trainee appraisers. The course is to be completed by the supervisory appraiser prior to supervising a trainee appraiser.
  - (h) 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 comparable sales relied upon in the appraisal.

Authority: T.C.A. §§62-39-203, 62-39-204, 62-39-316, 62-39-326, and 62-39-333.

#### New Rules

Rule 1255-01-.16 Fingerprinting is added as a new rule to the Chapter and shall read as follows:

#### 1255-01-.16 Fingerprinting

- (1) Any applicant for initial registration, licensure, or certification who is required to submit a complete and legible set of fingerprints for the purpose of obtaining a criminal background check pursuant to T.C.A. § 62-39-301 shall submit said fingerprints in an electronic format.
  - (a) An applicant for initial registration, licensure, or certification shall be deemed to have supplied the required set of fingerprints if that applicant causes a private company contracted by the State to electronically transmit that applicant's classifiable prints directly to the TBI and FBI to forward an electronic report based on that applicant's fingerprints to the Commission.
  - (b) All sets of classifiable fingerprints required by this rule shall be furnished at the expense of the applicant for initial registration, licensure, or certification.

- (c) The applicant for initial registration, licensure, or certification shall make the arrangements for the processing of his or her fingerprints with the company contracted by the State to provide electronic fingerprinting services directly and shall be responsible for the payment of any fees associated with processing of fingerprints to the respective agent authorized by the TBI and FBI.
  - (d) All applicants for initial registration, licensure, or certification shall in all cases be responsible for paying application fees for registration, licensure, licensure as established by the Commission in addition to any fees required to submit a complete and legible set of fingerprints pursuant to T.C.A. § 62-39-102.
- (2) In the event that an applicant for initial registration, licensure, or certification furnishes unclassifiable fingerprints or fingerprints which are unclassifiable in nature, the Commission shall refuse to issue the requested registration, license, or certification.
- (a) For the purposes of this rule "unclassifiable fingerprints" means that the electronic scan or the print of the person's fingerprints cannot be read and, therefore, cannot be used to identify the person.
  - (b) Should an applicant for initial registration, licensure, or certification's fingerprints be rejected by the TBI or FBI, the applicant shall pay any fees assessed by the TBI or FBI for resubmission.
- (3) The provisions of this rule shall apply to any applicant applying for initial registration, licensure, or certification on or after January 1, 2015.

Authority: 2014 Pub. Chap. 621, T.C.A. §§ 62-39-102, 62-39-203, 62-39-301.

Chapter 1255-02  
Evaluation of Appraiser Education

Amendments

Rule 1255-02-.01 Educational Logging is amended by deleting the first sentence of Paragraph (2) 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.

Rule 1255-02-.03 Course Provider Applications is amended by adding a new subparagraph (1)(g) so that, as amended, the rule shall read as follows:

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.
  - (g) The Appraisal Foundation or its Boards.
- (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.

Rule 1255-02-.04 Course Guidelines 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:

- (1) The following definitions are provided for the terms qualifying education, continuing education, distance education and interaction.
  - (a) Qualifying education means education that is creditable toward the education requirements for trainee registration, initial licensure or certification under one (1) or more of the three (3) real estate appraiser classifications (Licensed Real Estate Appraiser, Certified Residential Real Estate Appraiser, and Certified General Real Estate Appraiser).
  - (b) Continuing education means education that is creditable toward the education requirements that must be satisfied to renew registration as a trainee or licensure or certification as a Licensed Real Estate Appraiser, Certified Residential Real Estate Appraiser, and Certified General Real Estate Appraiser.

- (c) "Distance Education" means the educational process in which instruction does not take place in a traditional classroom setting but rather through other media or nonconventional methods in which teacher and student are separated by distance and sometimes by time and the course provides interaction.
  - (d) "Interaction" means a reciprocal environment where the student has verbal or written communication with the instructor.
- (2) An applicant to be a course provider shall demonstrate to the satisfaction of the Commission that each traditional classroom based course submitted for approval shall:
- (a) cover subjects which are reasonably related to the practice of real estate appraisal and suitably advanced to benefit and enrich the students enrolled,
  - (b) be conducted in a facility that meets the requirements of the Americans with Disabilities Act and contains adequate space, seating, and equipment,
  - (c) consist of no fewer than two (2) classroom hours for continuing education and fifteen (15) hours with an examination for licensure/certification requirements, and
  - (d) incorporate appropriate methods for determining whether a student has successfully completed such course. Such methods shall include, but not be limited to:
    - 1. provisions to make up for classes or hours missed by a student, and
    - 2. for qualifying education and the fifteen (15) hour course in the Uniform Standards of Professional Appraisal Practice, a minimum passing requirement of seventy percent (70%) and a comprehensive final examination (or equivalent measure of achievement).
- (3) Internet Education/Distance Education for Continuing and Qualifying Education
- (a) Courses given via internet or distance education can make up one hundred percent (100%) of the total requirement for education and shall be acceptable to meet the requirements of continuing and qualifying education if:
    - 1. The course provides interaction.
    - 2. Content approval is obtained from the AQB, a state licensing jurisdiction, or an accredited college, community college, or University that offers distance education programs and is approved or accredited by the Commission on Colleges, a regional or national accreditation association, or by an accrediting agency that is recognized by the U.S. Secretary of Education. Non-academic credit college courses provided by a college shall be approved by the AQB or the state licensing jurisdiction.
    - 3. Course delivery mechanism approval is obtained from one of the following sources:
      - (i) AQB approved organizations providing approval of course design and delivery;
      - (ii) a college that qualifies for content approval in subparagraph (2) above that awards academic credit for the distance education course; or
      - (iii) qualifying college for content approval with a distance education delivery program that approves the course design and delivery that incorporate interactivity.

- (4) Qualifying and continuing educational requirements may be satisfied through the completion of Commission approved distance educational offerings.
- (a) Persons or entities seeking Commission approval for a distance educational offering shall submit an outline and description of the entire course and provide documentation which demonstrates the course complies with the following criteria:
1. The educational offering is either:
    - (i) presented by an approved or accredited college, community or junior college or university that offers distance educational programs and credit in other disciplines; or
    - (ii) The educational offering is presented by a proprietary school that has been approved by the Tennessee Real Estate Appraiser Commission and the course design and delivery mechanism has been approved by the International Distance Education Certification Center (IDECC) and the Appraisal Qualifications Board.
  2. That the course teaches to the mastery of the subject and at a minimum meets the following criteria:
    - (i) Divides the material into major units as approved by the board;
    - (ii) Divides each of the major units of content into modules of instruction for delivery on a computer or other approved interactive audio or audio visual programs;
    - (iii) Divides the learning objectives for each module of instructions;
    - (iv) Specifies an objective, quantitative criterion for mastery used for each learning objective;
    - (v) Provides a means of diagnostic assessment of each student's performance on an ongoing basis during each module of instruction;
    - (vi) Requires the student to demonstrate mastery of all material covered by the learning objectives for the module before the module is completed;
    - (vii) That the course offering is designed in such a way that the material is presented under an approved instructor who shall be available to answer student questions or provide assistance on a timely basis as necessary;
    - (viii) The instructor will provide reasonable oversight of a student's work to ensure that the student who completes the work is the student who enrolled in the course;
    - (ix) The course provider must provide documentation of an acceptable method that ensures that the student achieves the classroom hourly equivalent as approved by the Commission. Any form of delivery that provides the student the opportunity to circumvent instructional design strategies that require them to read the material and spend the appropriate amount of time in the course will not be approved.
- (5) For a distance education course where an official cannot proctor classroom attendance and an exam is required, such an examination shall be:
- (a) Proctored by an individual approved pursuant Paragraph (6) below; or
  - (b) Conducted at a proctored testing facility pursuant to Paragraph (7) below.

- (6) Examination proctors pursuant to subparagraph (5)(a) shall meet the following requirements:
- (a) The proctor shall not be related to the student by blood or marriage and may not be engaged in any personal or business association with the student.
  - (b) The proctor may be selected from the following professions:
    - 1. A university, college or community college professor or instructor
    - 2. A public or private school professional (superintendent, principal, guidance counselor, librarian, etc.)
    - 3. An AQB certified instructor or an approved professional association's instructor.
    - 4. A Notary Public or member of the legal profession.
- (7) The following formal proctored testing facilities are acceptable pursuant to subparagraph (5)(b):
- (a) a university, college or community college testing facility.
  - (b) the testing facility of a professional association.
  - (c) a public or private university, college or community college library that provides a testing facility as part of its normal course of business.
- (8) Any individual proctor pursuant to subparagraph (5)(a) or testing facility in subparagraph (5)(b) must be approved by the Commission prior to any examination being given.
- (9) An examination proctor shall:
- (a) Take reasonable steps to ensure that the person taking the examination is the person registered for the course. This should be verified with photo identification and another identification document.
  - (b) Take reasonable steps to observe the student taking the exam to ensure that prohibited aids and resources are not used. If the exam calls for mathematical calculations, a non-programmable hand-held calculator may be used.
  - (c) Ensure that the student adheres to any time limit requirements specified for the examination. All examinations must be completed in one sitting.
  - (d) Upon completion of the examination, submit a certification indicating the verification of the identity of the student, that the examination was completed on the date assigned during the time permitted and that the student has done all the work him/herself without aids of any kind including books, notes, conversation with others or any other external resource while taking the examination, including access to Internet search engines or web pages other than that displaying the examination.
- (10) All students shall submit a notarized affidavit certifying that they have personally completed each assigned module of instruction of an Internet education or distance education course.
- (11) Approval by the Commission of any continuing or qualification education course shall be valid for a period of two (2) years. However, notwithstanding previous approval by the Commission, any course that has had a substantive change in course content shall be considered a new course and shall be approved by the Commission prior to presenting.
- (a) Approval of any continuing or qualifying education course may be extended by the Commission for an additional two years upon written request by the provider.

- (b) Failure to timely request an extension prior to the expiration of the Commission's approval shall result in automatic termination of the educational offering's approval status.
- (12) The Commission may, at any time, audit any offering that has been approved for qualifying or continuing education by the Commission to ensure compliance with all requirements of the laws and rules governing such education. Any provider of continuing education shall provide any requested documentation regarding a continuing or qualifying education course within ten (10) days of a request by the Commission.
- (13) Each hour of course instruction shall consist of fifty (50) minutes of actual instruction for every sixty (60) minute segment.
- (14) Attendance. For distance education seminars where classroom attendance cannot be proctored by an on-site official approved by the presenting entity, the provider shall have a method acceptable to the Commission for ensuring student achievement of the course hour equivalent.
- (15) The courses listed in rules 1255-2-.05 and 1255-2-.06 are additions to those outlined in other paragraphs and those lists of courses supplement those courses identified in other rules.

Authority: T.C.A. §§62-39-203, 62-39-204, and 62-39-333.

Rule 1255-02-.13 Fees is amended by replacing the phrase "three (3)" as it appears in subparagraph (3)(c) with the phrase "six (6)" so that, as amended, the rule shall read:

#### 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 of 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.

#### Chapter 1255-04 Continuing Education

## Amendments

Rule 1255-04-.01 Continuing Education Requirements is amended by adding new parts (1)(c)7., 1(d)14., (1)(d)15., and (1)(d)16. 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
    7. The Appraisal Foundation or its Boards.
  - (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
  14. developing opinions of real property value in appraisals that also include personal property and/or business value;
  15. seller concessions and impact on value; and/or
  16. energy efficient items and "green building" appraisals.
- (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.

Chapter 1255-06  
Reciprocity

Amendments

Rule 1255-06-.01 Reciprocal Agreements 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:

1255-06-.01 Reciprocal Agreements.

- (1) If, in the determination of the Commission, a state or territory of the United States is deemed to have established meaningful requirements for the licensure and certification of real estate appraisers and is in compliance with the Appraisal Subcommittee, then the Commission shall grant reciprocal rights to real estate appraiser licensees and certificate holders which are in "good standing" in that state.
  - (a) For purposes of implementing the reciprocity policy, states with an Appraisal Subcommittee finding of "Poor" do not satisfy the "in compliance" provision for reciprocity.
- (2) A licensee or certificate holder who resides in another state, is currently credentialed in another state and is active on the National Registry in another state must show:
  - (a) That the licensee or certificate holder has successfully completed one (1) seven (7) hour National USPAP Update Course, or its Appraisal Qualification Board-approved equivalent, within the past two (2) calendar years; and
  - (b) That the licensee or certificate holder has met all continuing education requirements in the other state within the past two calendar years.
- (3) A licensee or certificate holder who became licensed or certified through reciprocity and now resides in Tennessee must comply with the continuing education requirements of this paragraph regardless of how the license or certificate was obtained.
- (4) If, in the determination of the Commission, the requirements in paragraphs (1) and (2) have been met, then upon receipt of a nonrefundable application fee of one hundred twenty-five dollars (\$125.00), a license or certificate issuance fee of three hundred fifty dollars (\$350.00) and a federal registry fee of eighty dollars (\$80.00), the Commission shall grant to an applicant a reciprocal license or certificate to appraise real estate in the State of Tennessee.
- (5) If a licensee or certificate holder's out-of-state real estate appraiser license or certificate has been revoked, suspended, denied renewal or restricted, then the Commission may revoke, suspend, refuse to renew or restrict the licensee's or certificate holder's State of Tennessee real estate appraiser license or certificate.
- (6) An applicant for licensure or certification meeting the requirements of T.C.A. § 4-3-1304(d)(1) may be issued a reciprocal license pursuant to T.C.A. § 62-39-322 and Tenn. Comp. R. & Regs. § 1255-01-.05, § 1255-01-.07, or § 1255-01-.08 upon compliance with all terms therein, including application and payment of all fees required for the issuance of such reciprocal license.
- (7) Notwithstanding paragraphs (1) and (2), no license or certification shall be issued pursuant to this Rule to any person:
  - (a) Whose current license or certification as a real estate appraiser is from a state that is not "in compliance" with Title XI (FIRREA) as determined by the Appraisal Subcommittee established thereunder; or
  - (b) Who does not hold a valid license or certification in "good standing".

Authority: §§62-39-203, 62-39-204, 62-39-206, 62-39-306, 62-39-325 and 62-39-333.

New Rule

Rule 1255-06-.03 Expedited Registration of Certain Military Personnel and Spouses is added as a new rule to the Chapter and shall read as follows:

1255-06-.03 Expedited Registration for Certain Military Personnel and Spouses

- (1) An applicant for licensure or certification meeting the requirements of T.C.A. § 4-3-1304(d)(1) may be issued a reciprocal license or certification by the Commission by complying with Rule 1255-06-.01.
- (2) An applicant for registration as a trainee meeting the requirements of T.C.A. § 4-3-1304(d)(1) may be issued a temporary authorization upon completion of such application as may be required by the Commission accompanied by an application fee and temporary authorization issuance fee if the Commission determines that the applicant's registration in another state does not meet the requirements for substantial equivalency, but that the applicant could perform additional acts, including – but not limited to – education, training or experience, in order to meet the requirements for the registration to be substantially equivalent.
  - (a) A temporary authorization shall be issued in six (6) month increments and the fee shall be \$31.25 for each such increment.
  - (b) In no case shall an original temporary authorization be issued for a period of longer than two (2) years.
  - (c) A temporary authorization shall expire upon the date set by the Commission and shall not be subject to renewal except through completion of the requirements for substantial equivalence as required by the Commission or by an extension of time granted for good cause by the Commission.
    1. An extension of a temporary authorization shall be in six (6) month increments and the fee shall be \$31.25 for each such increment.
    2. A temporary authorization shall only be extended for good cause by one (1) six (6) month increment at a time.
  - (d) No temporary authorization shall be granted if the applicant does not hold a registration in "good standing" from another jurisdiction.
  - (e) Upon completion of all requirements for substantial equivalency as required by the Commission for the issuance of the temporary authorization, the applicant may apply for a registration from the Commission, including payment of the nonrefundable application and registration fee for the issuance of such registration.

Authority: §§62-39-203, 62-39-204, 62-39-206, 62-39-306, 62-39-325 and 62-39-333.

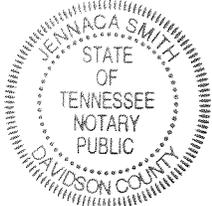
I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: 11/4/14

Signature: Keeling R. Baird

Name of Officer: Keeling R. Baird

Title of Officer: Assistant General Counsel



MY COMMISSION EXPIRES:  
March 8, 2016

Subscribed and sworn to before me on: 11/4/14

Notary Public Signature: Jennaca Smith

My commission expires on: 3/8/16

**Department of State Use Only**

Filed with the Department of State on: 11/4/14

Tre Hargett  
Tre Hargett  
Secretary of State

RECEIVED  
2014 NOV -4 PM 2:40  
SECRETARY OF STATE