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# Notice of Rulemaking Hearing

*Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, Tennessee Code Annotated, Section 4-5-204. For questions and copies of the notice, contact the person listed below.*

<b>Agency/Board/Commission:</b>	Tennessee Real Estate Appraiser Commission
<b>Division:</b>	Regulatory Boards
<b>Contact Person:</b>	Jesse D. Joseph
<b>Address:</b>	Office of Legal Counsel 500 James Robertson Parkway Davy Crockett Tower, 5 <sup>th</sup> Floor Nashville, Tennessee 37243
<b>Phone:</b>	615-741-3072
<b>Email:</b>	jesse.joseph@state.tn.us

*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>	ADA Coordinator
<b>Address:</b>	Tennessee Department of Commerce and Insurance 500 James Robertson Parkway Davy Crockett Tower, 5 <sup>th</sup> Floor Nashville, Tennessee 37243
<b>Phone:</b>	615-741-0481
<b>Email:</b>	

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

Address 1:	Tennessee Department of Commerce and Insurance 3 <sup>rd</sup> Floor Main Conference Room 710 James Robertson Parkway		
Address 2:			
City:	Nashville, Tennessee		
Zip:	37243		
Hearing Date :	02/09/2009		
Hearing Time:	9:00 a.m.	<input checked="" type="checkbox"/> CST	<input type="checkbox"/> EST

**Additional Hearing Information:**

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

- Amendment
- New
- Repeal

**Rule(s)** (ALL chapters and rules contained in filing must be listed here.)

	<b>Chapter Number</b>	<b>Chapter Title</b>
	1255-01	General Provisions
	<b>Rule Number</b>	<b>Rule Title</b>
	1255-01-.12	Registered Trainee
	1255-01-.15	Notice to Commission of Addresses and Changes of Address

(Place substance of rules and other info here. Statutory authority must be given for each rule change. For information on formatting rules go to <http://state.tn.us/sos/rules/1360/1360.htm>)

Substance of Proposed Rules

Chapter 1255-01  
General Provisions

Amendments

Paragraph (8) of Rule 1255-01-.12 Registered Trainee is amended by deleting this paragraph in its entirety and substituting instead the following new language so that, as amended, this paragraph shall read:

(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.

Authority: T.C.A. §§ 62-39-203, 62-39-204 and 62-39-304.

Subparagraph (10)(c) of Rule 1255-01-.12 Registered Trainee is amended by deleting this subparagraph in its entirety and substituting instead the following new language so that, as amended, this subparagraph shall read:

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

1. Disclose in the appraisal report that the supervising appraiser has inspected the subject property both inside and out, and has made an exterior inspection of all comparables relied upon in the appraisal, or disclose that the supervising appraiser did not inspect the subject property both inside and out, and did not inspect the exterior of comparables relied upon in the appraisal;

2. Accompany the registered trainee and personally inspect each subject property with the registered trainee on all assignments until the trainee has completed 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;

3. 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;

4. 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

5. 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:

- (A) identify and locate the real estate;
- (B) identify the property rights to be valued;
- (C) identify the use of the appraisal
- (D) define value(s) to be estimated;
- (E) establish date(s) of value estimate(s);
- (F) identify and describe the scope of the appraisal; and
- (G) identify and describe limiting conditions.

(II) Conduct preliminary analysis, and select and collect applicable data, which requires the trainee to:

- (A) identify general data (regional, city and neighborhood) – social, economic, governmental and environmental factors;
- (B) 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
- (C) 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:

- (A) site/improvements;
- (B) size;
- (C) costs;
- (D) elements of comparison; and
- (E) 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.

Authority: T.C.A. §§ 62-39-105, 62-39-203, 62-39-304 and 62-39-324.

New Rules  
Table of Contents

1255-01-.15 Notice to Commission of Addresses and Changes of Address

1255-01-.15 Notice to Commission of Addresses and Changes of Address

- (1) Each state licensed or certified real estate appraiser shall notify the Commission in writing of the address of such appraiser's principal place of business, such appraiser's current residential address, and all such other mailing addresses and addresses at which the appraiser is currently engaging in the business of preparing real property appraisal reports. Whenever a state licensed or certified appraiser changes a principal place of business, residence, mailing address, or other address at which the appraiser is engaged in the practice of real estate appraising, such appraiser shall, within thirty (30) days after such change, notify the Commission of such change in writing.

Authority: T.C.A. §§ 62-39-203, 62-39-204 and 62-39-317.