



**REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243
615-741-1831**

**Meeting Minutes for November 8, 2021
Davy Crockett Nashville TN**

The Tennessee Real Estate Appraiser Commission met on November 8, 2021, Davy Crockett, Nashville TN. Director Michael Schulz called the meeting to order at 9:00 a.m. and the following business was transacted:

BOARD MEMBERS PRESENT: Michelle Alexander, Jim Atwood, Rex Garrison, Brett Mansfield, Pankaj Jain, Karey Haisten, Jason Bennett

BOARD MEMBERS ABSENT: Melanie Cole

STAFF MEMBERS PRESENT: Michael Schulz, Anna Matlock, Caleb Darnell, William Best, Erica Smith, Caitlyn Broussard, Morgan Calles, Taylor Hilton

CALL TO ORDER / ROLL CALL / NOTICE OF MEETING

Rex Garrison called the meeting to order at 9:04 am and Director Michael Schulz took roll call.

AGENDA

Jason Bennett made a motion to adopt the agenda. This was seconded by Michelle Alexander. The motion was carried by roll call voice vote.

MINUTES

Rex Garrison made a note to change the word Telephonic to Davy Crockett on the top of the first page.

Michelle made a motion to adopt the minutes from July 19th, 2021 as stated by Rex Garrison. This was seconded by Jason Bennett. The motion was carried by roll call voice vote.

LEGAL REPORT

Rule Making

Rules of Tennessee Real Estate Appraiser Commission
Chapter 1255-02 Evaluation of Appraiser Education; 1255-04 Continuing Education
Rule 1255-02-.04 Continuing Education & 1255-04-.01 Continuing Education Requirements

Chapter 1255-02
Tennessee Real Estate Appraiser Commission
Amendments

Rule 1255-02-.04(3)(a) Course Guidelines is amended by deleting the language "shall make up to no more than fifty percent (50%) of the total requirement for education each cycle and" so that, as amended, Rule 1255-02-.04(3)(a) shall read:

(3) Internet Education/Distance Education for Continuing Education

- (a) Courses given for continuing education via internet or distance education shall make up to no more than fifty percent (50%) of the total requirement for education each cycle and may be acceptable to meet the requirements of continuing education if:

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

Chapter 1255-04
Tennessee Real Estate Appraiser Commission
Amendments

Rule 1255-04-.01(8) Continuing Education Requirements is amended by deleting the language "no more than one-half (1/2) of" so that, as amended, Rule 1255-04-.01(8) shall read:

- (8) A licensee or certificate holder may complete no more than one-half (1/2) of the individual's required continuing education credits via distance education.

Authority: T.C.A. §§ 62-39-203, 62-39-204, 62-39-206, 62-39-306, 62-39-315, 62-39-325, 62-39-329 and 62-39-333.

Rex Garrison announced that during the AARO conference they talked about making the synchronous courses permanently. They had a great turnout. This would have ended on December 31, 2021. Anna Matlock asked if this is going to be distance learning or classroom. Rex Garrison noticed the terminology is different on our new rules and AARO. The term AQB are used as synchronous and asynchronous. Anna Matlock does not think we need to change ours due to the definition of distance learning, it talks about a distance of time or location. We would need to amend our rules to change the amount for distance learning purposes.

Brett Mansfield asked what happens when the AQB expires in December for synchronous learning. Anna Matlock advised she would look into the AQB and see when they would be making the change, and also if we would be allowed to continue. If anything, there might be a few months that they would not be allowed to do the 50 percent. Rex Garrison

advised he does not know when the 2022 AQB book will come out, but we were shown the redline version of this.

Jim Atwood made a motion to accept this as written. This was seconded by Michelle Alexander. The motion was carried by roll call voice vote.

Legal Report

See attached

EXPERIENCE INTERVIEWS

Mr. Garrison conducted the experience interview of **Andrew Poe** and recommended that his experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Xen Portwood** and recommended that his experience be accepted toward the General Upgrade.

Mr. Garrison conducted the experience interview of **Thomas Batey** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Christina Zimmerman** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Austin Jones** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Garrison conducted the experience interview of **Matt Gibson** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Dennis Kominos** and recommended that his experience be accepted toward the Licensed State Upgrade.

Mr. Atwood conducted the experience interview of **Justin Grimes** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Atwood conducted the experience interview of **Albert Fait** and recommended that his experience be accepted toward the Licensed State Upgrade.

Mr. Atwood conducted the experience interview with **Robert Lyon** and recommended that his experience be accepted toward the Licensed State Upgrade.

Mr. Atwood conducted the experience interview of **Susan Phillips** and recommended that his experience be accepted toward the Licensed State Upgrade.

Mr. Atwood conducted the experience interview of **Anthony Batianelli** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Charles Foust** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview with **Shawn Smith** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Maeghan Fulmer** and recommended that her experience be accepted toward the Licensed State Upgrade.

Ms. Alexander conducted the experience interview of **Crystal Brooks** and recommended that her experience be accepted toward the Certified General Upgrade.

Mr. Mansfield conducted the experience interview of **Kimberly Lamuno Love** and recommended that her experience be accepted toward the Certified Residential Upgrade.

Mr. Mansfield conducted the experience interview of **Timothy Lindsey** and recommended that her experience be accepted toward the Certified General Upgrade.

Rex Garrison made a motion to accept the above Interviews. This was seconded by Brett Mansfield. The motion was carried by roll call voice vote.

Rex Garrison has a concern he wanted to talk about. He asks each person when they are in the interview who they get their education from. There is constancy with 1 or 2 providers with a weakness in reports. Rex Garrison gets information from them on what they are receiving and in 1 he was advised that the instructor just reads what is on the material to them. With little to no instructions provided. Rex Garrison would like to know what we have in place to hold an education provider to a certain level. Anna Matlock advised that the board is the ones who approve those courses. Because we do not license instructors, we are unable to give them letters of caution. Courses do have expiration dates and if we are unhappy with how they are doing we can investigate this. Jason Bennett advised that we are approving the content of the course and not how someone is teaching the course. Rex Garrison has thought that the trainees who are filing for their license submit a survey of the education. This way it would give us a form of a way to measure the quality of the education they are receiving. Anna Matlock advised if we require them to complete the survey, we might have to make a rule change that we can incorporate this into it. Also, there is nothing to prevent Dr. Pankaj Jain from sitting in on a course. Dr. Pankaj Jain would then be able to provide a report back to the commission. Rex Garrison advised this might be something we do. Dr. Pankaj Jain announced that this is a very important topic in terms of quality management. We have had a high value of courses and the commission staff and

education committee are performing an in-depth review of the content of the material but not the delivery. At this time, we have had four courses that the content was not supplied to satisfaction and so we will not be approving it. I do agree with sitting in for the problem, but I do not think we can sit in each class before approving them. Jim Atwood advised when he teaches in Alabama the state has someone from the state show up from time to time. They are reviewing the instructor, not the content. Jim Atwood does not feel like the trainees are being taught what they should be. Anna Matlock states that the rule statute says that 50 minutes of teaching is considered an hour. Looking at the teaching methods is subjective from person to person. If someone from that course would like to submit that information to us, I do not see it as hearsay. We then could look at that. Anna Matlock advised just because they are approved, does not mean they can do whatever they want.

Jim Atwood wants to state that the supervisors are also not doing their job. In many cases, they are not approved on spot. They are required to go back and do another appraisal or fix the one they provided. Many times, the supervisors are teaching them inappropriate and incorrect techniques. I do not feel like it is only proper education. Rex Garrison states that they are related to their supervisor, their instructions are lower. Rex Garrison might sign up for a class to see if it is consistent with what he is hearing, and we can discuss this at one of the board meetings when he can work one in. Anna Matlock advised in the January meeting we can talk and get a list of ideas. We want to make sure that everybody's kind of doing the same thing. We will consult with Michael Schulz and Caleb Darnell to figure out the process to move forward. This brings up the question of whether the supervisor is ultimately responsible for their work. Rex Garrison advised that two trainees he just recently had only done short-term rental properties. I discussed what was wrong with the appraisal and it was the supervisor that gave him this property and say this is the way we do it. I could have reported the supervisor but if we turn in supervisors, no one will want to be a supervisor. We need to put out a public service announcement cautioning residential appraisers in doing short-term rentals. This is the lender is sending them a request the client wants the residential appraiser to do it because it is cheaper. This then put a burden on the appraiser in accepting the assignment and acknowledging that they have the competency to do the property. Brett Mansfield states that a residential appraiser is not licensed to value a short-term rental property, even though it looks like a residential property. Putting something on the website in the FAQs would be something we should do.

EDUCATION REPORT

November 8, 2021 - Education Committee Report

Course Provider	Course Number	Course Name	Instructor(s)	Type	Hours	Recommendation
ASFMRA	2495	Practical Applications of Equivalency Ratio	Andrew Gudajtes	CE	4	Approve
ASFMRA	2496	Valuation of Lifestyle and Trophy Properties	John Widdoss	CE	8	Approve
ASFMRA	2497	Alternative Investments Seminar...	Jenna McCarty	CE	8	Approve
ASFMRA	2498	Understanding Conversation Easements Valuation	Scott Seely	CE	8	Approve
TN Chapter AI	2500	Aerial Inspections for Real Estate	Lamar Ellis	CE	3	Approve
Columbia	2501	ONLINE - Bias in Real Estate & Fair Housing	Diana Jacob, Kevin Hecht, Pam Teel, et al	CE	5	Approve
Appraisal Institute	2504	AL Annual Conference Day 1	Dennis Scardelli	CE	5	Approve
Appraisal Institute	2505	AL Annual Conference Day 2	Dennis Scardelli	CE	5	Approve
Allterra	2506	2021 Keynote Vegas	Scott Reuter	CE	7	Approve
Allterra	2507	2021 Modern Appraisal Vegas	Jordan Petkovski	CE	7	Approve
The Columbia Institute	2508	Real Estate Economics and Market Trends	Diana Jacob	CE	2	Approve
ASFMRA	2510	Appraising Rural Residential Properties	Brian Gatzke	CE	8	Approve
AI/MS Chapter AI	2516	Conservation Essements: 2021 Updates on Legal, Appraisal, Accounting, & Ethical Issues	Luke Von Esh	CE	5	Approve
TN Chapter AI	2520	Six Recent Appraiser Lawsuits and the Lessons from Each	Peter Christensen	CE	7	Approve

American Society of Appraisers	2529	2021 International Appraisers Conference	Barry Cunningham	CE	14	Approve
ASFMRA	2530	2021 ASFMRA Annual Conference Day 1	Brian David Johnson	CE	6	Approve
ASFMRA	2532	Timberland Valuation for Foresters & Rural Appraisers	Ashley Miller	CE	12	Approve

Individual Course Approvals

Licensee	Course Provider	Course Name	Hours	Type	Recommendation
Mark Watson	IRWA	100 Principles of Land Acquisition	16	CE	Approve
Charles Benton	AI	Advanced Land Valuations	7	CE	Approve
Douglas Hall	AI MO Chapter	Intelligent Risk Management for Real Estate Appraisers	3	CE	Approve
Zane Harris	GA Appraiser School	Anatomy of a Home	7	CE	Approve

Dr. Pankaj Jain made a motion to approve the education committee's recommendations. This was seconded by Brett Mansfield. The motion was carried by roll call voice vote.

DIRECTOR'S REPORT

Financial Statements

Michael Schulz discussed the financial report.

Jason Bennett wants to know is there any word on potentially decreasing fees or anything like this, or what is being done with the fees. Rex Garrison advised a possible thing we can do, is provide all licensees a copy of the most current USPAP, but this was about two years ago. Michael Schulz suggests that we can talk about this in new business or bring this up at a different meeting if needed. Rex Garrison advised that this can be brought up later. Dr. Pankaj Jain advised there is an insurance risk that has a jump risk. So, when the costs come, everything can be sudden. It is a good idea to have a good reserve.

AARO Conference

Rex Garrison advised the AQB is going to require the experience to be completed before the exam. In the past, we have had a few trainees say that have not taken the exam. We also discussed synchronous education. The new USPAP will not come out until 2023. This 7-hour USPAP update will not cover any changes because there is none. They put out a new 7-hour USPAP that covers an hour of topics on top complaints that states received, and most of the 7 hours will be on how to use the USPAP book. The ASC mentioned several times they have grants available for states to investigate programs to bring new individuals into the business. South Dakota has a program that they receive a grant, and it is a process to get trainees through the experience side, outside of the new para. In a board breakout session, we discussed board training and if the board ever received any training. Some of the items in the training were how to the flow of the meeting, the ins, and outs of the board, how to handle cases. Another breakout was the modernization of appraising. There is a push by one large AMC out of California, and they presented on what they are proposing is a property inspector to go out and look at the property provided a report to the appraiser, and the appraiser sits at his desk and does the appraisal. They have some technology that measures a house for you. The biggest topic was the para and the changes that are on the horizon, which would be in the 2022 AQB book. These will be the non-traditional appraisals. 100 percent will be allowed for experience and not just the 50 percent. We will cover the para here since we are on the topic. The Appraisal Institute was given a \$500,000 grant by the appraisal foundation to come up with a para program. There are about 1500 people on a waiting list to do the para across the country. Several states have approved para. Rex Garrison and Michael Schulz discussed that they should pass something that they don't know what it is. We will be waiting until they present what para will look like before we go down that path.

Caleb Darnell advised we have received a few USPAP 2022-2023 applications. Rex Garrison advised that will only cover how to use the book. William Best announces if it is on the approved list and in their renewal cycle

Para Discussion

This is discussed under AARO Conference

2022 Meeting Schedule

Michael Schulz has proposed to move the meetings to Tuesdays and keep them at 9 am.

January 18, 2022

April 5, 2022

July 12, 2022

November 15, 2022

OLD BUSINESS

Independent Appraiser Reviews

Rex Garrison asked if Anna Matlock was able to find anything definitive on this. Anna Matlock advised it is split across jurisdictions. More jurisdictions stated that they would prefer an individual to be licensed to do those reviews, but we also have some states that do not have that requirement. At this point, a discussion is a good decision to have for these. The board is permitted to interpret its rules and statutes as they are written. We need to make a uniform decision on this. We are seeing people are interpreting for Tennessee, that we would need a Tennessee licensure. Rex Garrison advised he does think we should have some clarity to this. Jim Atwood advised if the review includes agreeing with, disagreeing with, or coming up with the reviewer's own value opinion, then that's an appraisal. In his opinion they all have a license to do an appraisal in the state of Tennessee, but if the review scope of work does not require that, and requires USPAP compliance, quality of another appraiser's work based upon general knowledge of procedures and principles of appraising. Then an appraiser anywhere would be competent if they claim competence to do that. If there is an opinion in value, in Jim Atwood's opinion they should be licensed. Jason Bennett wants some clarification on this statement. He advised they send a lot of reports back during their compliance process to appraisers that say your value is not supported. We currently do not have an appraiser doing this, so I disagree with the value. Rex Garrison advised that he is talking about AMC compliance, but we are talking about any review. With regards to Jason Bennett's statement, they are just asking to clear it up to be helpful. Rex Garrison stated he wanted to review the AMC law since this is a newer law than the original. Jason Bennett advised there is a rule that we are required to make sure the report is USPAP compliant. 60 percent of the time it is your Three-year comment or something like that. Rex Garrison advised it would be beneficial for both the AMC's and appraisers doing reviews. Rex Garrison comes up with the same thing as Anna Matlock that it is required to be licensed in Tennessee, but this is not communicated that way. Jason Bennett announces that the reports are graded by Fannie Mae and Freddie Mae. This report can have no changes and be graded differently. Fannie Mae will come back with anything over a 2.5 with a page long of you need these items addressed in the appraisal and they are bouncing back and forth across the line based on the things they are asking. Jim Atwood advised you would want to say the adjustment is not supported that the value is not. This would not be an opinion of Value but a statement of fact they didn't support that adjustment. Anna Matlock looked at the definitions for appraisal and the AMC law matches the previous law except for the current one that doesn't apply to the AMC it says, "appraisal does not include any value of opinion, any opinion of value referred to as an evaluation under 62-39-104". These are some of the exceptions and these are what the exemptions say. This chapter does not apply to any evaluation of value of real estate serving as collateral for loan made by a federally regulated financial institution or to any evaluation of the value of the assets of a trust held by an institution provided that the applicable federal regulator does not require an appraisal by a state license or state-certified appraiser for that loan or trust. That the evaluation is used solely by the financial institutions and their records to document the collateral or asset value. The evaluation

shall be labeled on its face this is not an appraisal and individuals performing and performing these evaluations may be compensated for their services. The other two exemptions state that it does not apply to full-time employee in the ordinary course of business that gives an opinion of the value of real estate to the employees and employer-provided that the opinion may not be represented as an appraisal. It also does not apply to any person who is registered with the state board of equalization while performing any service of any nature taxpayer before any tax or assessment authority. This does not apply to real estate broker or a salesperson licensed by the state who in the ordinary course of business gives the opinion to a potential seller or third party as the recommended listing price of real estate or an opinion to a potential purchaser or third party as to the recommended purchase of real estate. This opinion as to the listing price or the purchase price shall not be referred to as an appraisal and no opinion shall be run rendered as a value of the real estate or real property. Rex Garrison requested Anna Matlock if they must put out that they are required to be a licensed appraiser to do review work. Anna Matlock advised that we provide the law that says on this matter if you think you fall into this category you need to be licensed otherwise you would not need to be licensed. We would not answer the question as yes or no unless the complaint is before you. We are unable to give legal opinions and tell them if they need to be licensed or not. We would provide the rules and laws for them to determine this. Rex Garrison thinks we should clear this up and this is black and white. This might be something we put under a FAQ and give a few scenarios and give an answer to provide clarity. Anna Matlock advised we should still include a disclaimer saying this is very fact-dependent. Jim Atwood advised for him it would be the competency of the individual and was their scope of work was properly disclosed. Anna Matlock advised the definition is, means an analysis opinion or conclusion prepared by a real estate appraiser that forms an opinion as to the adequacy and appropriateness of evaluation appraisal or an analysis assignment. Rex Garrison says that more focus more on the appraisal and not necessarily the review. Rex Garrison wants to talk about this at the next meeting. Anna Matlock will do some more research as well. She believes this will still not be completely clear unless there is a specific statute or rule put in place. Rex Garrison advised Kentucky and West Virginia to require you to hold the state license to do review work. Michelle Alexander advised no matter how much we try to get it to black and white, we regardless will always have some gray. Jim Atwood advised in his opinion this is a lot of work to be gray. Michelle Alexander advised it would be better to make it less gray. Karey Haisten agreed to continue the conversation. Jim Atwood and Jason Bennett do not agree to continue the conversation. Michael Schulz advised he would keep this conversation under Old Business.

NEW BUSINESS

Short Term Rentals

Rex Garrison advised that we need to communicate to appraisers concerns about being qualified before accepting those assignments. There are certain areas in the state that have more Short-Term Rentals. Brett Mansfield advised the issue that we have run into these short-term rental properties were in residential districts and so they look like a house and

they are zoned residentially, but residential appraisers were appraising them, and the acquisition was for the entire business operation. This is going to sunset in Davidson county in January. Davidson county is moving short-term rentals must be in a commercial district. These properties are not residential. The biggest liability for not only the public but the evaluation for these property types. Jim Atwood thinks it is misleading to do these appraisals on URA form because Fannie and Freddie only want to make loans on residential owner-occupied or that make it on a monthly rental lease. But they will not make it on short-term rentals. Which would be a huge violation. Brett Mansfield would like to add some FAQs to the website. Michael Schulz advised we can easily make changes to our website. We would need to consult our legal and communication team. This would make sure we are legally able to change them. We can either do this now or we can try and come upon them our own. If someone on the board would like to make them and send them to us, we can do it that way. Or we can come up with something and bring it back to the next board meeting and vote on them, which would be preferred. Brett Mansfield volunteer to create something and submit it for review. Michael Schulz advised to just have it back in time to have it added to the meeting materials.

Jim Atwood wanted to know if we need to vote on or, are we just going to automatically accept the AQB's Change in policy to allow non-traditional clients for the experience. With that means I can take a trainee on, and have them appraiser their own house, next-door neighbors, or whoever will let them appraise their home and get 100 percent credit. It's already in place for 50 perfect credits and this will start January 2022. Does this need to be voted on? Rex Garrison asked legal how has this happened in the past with qualifications. Do we automatically adopt, and if that's the case for para when it comes to outdoing, we just automatedly adopt that as well? The AQB is only the minimum. Anna Matlock advised we would adopt the minimum standards of the AQB and then if we were to include additional standards to look for our specific jurisdiction. Rex Garrison advised we are 1 or 2 states that do the interview process. Jason Bennett asked if training at work they could have them do a standard 3 review for them, but it was not intended to go anywhere and used for internal use and get up to 100 percent. Rex Garrison advised it would benefit us to wait and see everything with the AQB. Anna Matlock advised we are federally regulated and required to accept certain things. Until we have future specifications, we are unable to accept the minimum requirements. There is no harm in moving forward and accepting the minimum standards. If rules need to be made to clarify that can be done.

Michael Schulz advised we have a new staff member Cherita Brown. Caleb Darnell is now the manager for all 6 boards we handle now.

Anna Matlock advised Erica Smith was temporary and the new disciplinary council will be Taylor Hilton.

ADJOURNMENT

Jim Atwood made a motion to adjourn the meeting. Meeting adjourned at 11:17 am.