

1                   **BEFORE THE COMMISSION OF APPRAISERS OF REAL ESTATE**  
2                                   **STATE OF NEVADA**

3 SHARATH CHANDRA , Administrator, )  
4 REAL ESTATE DIVISION, )  
5 DEPARTMENT OF BUSINESS AND )  
6 INDUSTRY, )  
7 STATE OF NEVADA, )

Case No. 2016-3272 & AP 17.011S

Petitioner, )

**COMPLAINT AND NOTICE OF**  
**HEARING**

8 vs. )

**FILED**

SEP - 5 2018

9 MICHAEL L. BRUNSON )  
10 (License No. A.0207222-CG), )

11 Respondent. )

NEVADA COMMISSION OF APPRAISERS

12  
13           State of Nevada, Department of Business and Industry, Real Estate Division ("the  
14 Division"), by and through counsel, Attorney General ADAM PAUL LAXALT and Deputy  
15 Attorney General PETER K. KEEGAN, hereby notifies MICHAEL L. BRUNSON  
16 ("Respondent") of an administrative hearing which is to be held pursuant to Chapter  
17 233B and Chapter 645C of the Nevada Revised Statutes ("NRS") and Chapter 645C of the  
18 Nevada Administrative Code ("NAC"). The purpose of the hearing is to consider the  
19 allegations stated below and to determine if the Respondent should be subject to a  
20 disciplinary penalty as set forth in NRS 645C and or NAC 645C, if the stated allegations  
21 are proven at the hearing by the evidence presented.

22                                   **JURISDICTION**

23           The Respondent is a Certified General Appraiser licensed by the Division, and  
24 therefore, is subject to the Jurisdiction of the Division and the provisions of NRS and  
25 NAC Chapter 645C. By availing himself of the benefits and protections of the laws of the  
26 State of Nevada, the Respondent has submitted to the jurisdiction of the Division.

27                                   **FACTUAL ALLEGATIONS**

28           1.     The Respondent is currently licensed by the Division as a Certified General

1 Appraiser on October 14, 2015, License No. A.02072222-CG, with an expiration of October  
2 31, 2019.

3 2. Prior to obtaining as Certified General Appraiser license, the Respondent  
4 was licensed by the Division as a Certified Residential Appraiser, License No. A.0002794-  
5 CR, from December 9, 1997 through December 31, 2015, and an as Appraiser Intern,  
6 License No. A.0002105-INTR, from October 10, 1995 through October 31, 1999.

7 3. On or about August 10, 2016, the Division received a complaint/statement of  
8 fact asserting that the Respondent had completed an appraisal in violation of several  
9 provision of the Uniform Standards of Professional Appraisal Practice ("USPAP").

10 4. The Complaint stated that the Respondent was engaged to conduct a  
11 retrospective market appraisal for litigation purposes.

12 5. The Respondent performed an appraisal of a residential property located at  
13 6240 Royal Brook Ct., Las Vegas, Nevada 89149 APN 125-30-502-036 ("Property"), by  
14 analyzing the nature, quality, value, or use of the property, and offered an opinion as to  
15 the nature, quality, value or use of the property for or with the expectation of  
16 compensation.

17 6. The effective date of valuation performed by the Respondent was identified  
18 as May 16, 2013; the appraisal report date was identified as June 25, 2015.

19 7. At the time Respondent signed the appraisal in question, he was operating  
20 under his Residential Appraiser's License No. A.0002784-CR.

21 8. The type of appraisal identified by the Respondent was Retrospective,  
22 Market Value, Sales Comparison as of May 16, 2013.

23 9. The intended use of the appraisal performed by the Respondent was  
24 "Litigation."

25 10. The appraisal failed to make any sales time adjustments for market  
26 conditions on the comparable sales used, which diminished the reliability of the report.

27 11. The appraisal failed to include the comparable contract dates and only  
28 included the closed sale dates.

1           12.    The appraisal exhibit PAIRS indicated a significant change in home prices of  
2 17.638% annualized.

3           13.    The appraisal failed to include an explanation to support the uniform  
4 \$55,000.00 swimming pool adjustment made for all the comparable sales.

5           14.    The appraisal stated that the Property is connected to a sewer system, yet  
6 Clark County records show that the Property is connected to a septic system.

7           15.    The appraisal report identified a five-car driveway but only reports a three-  
8 car driveway in the grid section.

9           16.    The appraisal failed to include an explanation regarding the non-adverse  
10 determination comparable sale 2.

11           17.    The appraisal failed to include an explanation supporting the lack of  
12 adjustment for the two-story structure of comparable sale 1.

13           18.    The appraisal failed to include an explanation or support why comparable  
14 sales 1 and 7 were not adjusted, despite the Site Improvements Adjustment Field reports  
15 indicating "*Inferior*" and "*Superior*."

16           19.    The appraisal failed to include an explanation or support for the adjustments  
17 or lack thereof in the Site and Age elements of comparison.

18           20.    The appraisal's inconsistent comparison of effective age and actual age along  
19 with the inconsistent adjustments to comparables 1 and 4 in the Site element of  
20 comparison render the appraisal comparisons unreliable.

21           21.    The appraisal failed to provide sufficient explanation for the conclusion that  
22 adjustments for age (Year Built) at \$6,000.00 per year are reasonable and credible.

23           22.    On or about August 17, 2016, the Division mailed to the Respondent an  
24 opening letter requesting, by September 1, 2016, copies of the Respondent's work file for  
25 the Property.

26           23.    On or about August 31, 2016, the Respondent submitted his response to the  
27 complaint and a copy of his work file for the Property.

28           24.    On or about December 13, 2017, the Division mailed to the Respondent a

1 letter indicating that the Division was closing its investigation without prejudice, but  
2 reserved the right to reopen the matter.

3 25. On or about August 9, 2018, the Division mailed to the Respondent a follow-  
4 up letter, pursuant to NRS Chapter 233B Letter, as required by NRS 233B.237(3)  
5 indicating that the investigation of this matter was being reopened and a formal  
6 complaint was being filed by the Division with the Nevada Appraisal Commission.

## 7 VIOLATIONS OF LAW

### 8 First Violation

9 The Respondent failed to prepare the appraisal report for the Property in  
10 Compliance with the Standards of the Appraisal Foundation. These Standards are  
11 published in the Uniform Standards of Professional Appraisal Practice ("USPAP")  
12 adopted by the Appraisal Standards Board of the Appraisal Foundation, as authorized by  
13 Congress and adopted in Nevada by NAC 645C.400.<sup>1</sup>

14 By failing to be aware of, understand, and correctly employ the recognized methods  
15 and techniques that are necessary to produce a retrospective appraisal, the Respondent  
16 violated USPAP Rule 1-1(a), as codified in NAC 645C.405(1). The Respondent's actions  
17 constitute unprofessional conduct, pursuant to NRS 645C.470(2) and grounds for  
18 disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

### 19 Second Violation

20 By developing a real property appraisal and making numerous and substantial  
21 errors through both omission and commission, which significantly affected the appraisal,  
22 the Respondent violated USPAP Standards Rule 1-1(b), as codified in NAC 645C.405(1).  
23 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for disciplinary  
24 action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or (b).

### 25 Third Violation

26 In making a real property appraisal in a careless or negligent manner, the  
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28 <sup>1</sup> The 2014-2015 edition of USPAP, effective January 1, 2014 through December 31, 2015, is applicable to and utilized for this Complaint.

1 Respondent made a series of errors that, although individually might not have  
2 significantly affected the results of the appraisal, in the aggregate did affect the  
3 credibility of the appraisal, and therefore Respondent violated USPAP Standards Rule 1-  
4 1(c), as codified in NAC 645C.405(1). The Respondent's actions constitute professional  
5 incompetence pursuant to NRS 645C.470(3) and grounds for disciplinary action pursuant  
6 to NRS 645C.460(1)(a) and/or (b).

#### 7 **Fourth Violation**

8 By developing a real property appraisal and incorrectly identifying the relevant  
9 characteristics of the property, including its physical, legal, and economic attributes, the  
10 Respondent violated USPAP Standards Rule 1-2(e), as codified in NAC 645C.405(1). The  
11 Respondent's actions constitute professional incompetence pursuant to NRS 645C.470(3)  
12 and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

#### 13 **Fifth Violation**

14 By failing to adequately explain the Scope of Work, the Respondent's failed to  
15 establish that the work done to complete the retrospective appraisal produced a credible  
16 result. As a result, the Respondent violated USPAP Standards Rule 1-2(h) and the  
17 USPAP Ethics Rule of Conduct as codified by NAC 645C.405(1). The Respondent's actions  
18 constitute professional incompetence pursuant to NRS 645C.470(3) and grounds for  
19 disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

#### 20 **Sixth Violation**

21 By failing to adequately explain or support the adjustments or lack thereof in the  
22 Site and Age elements of comparison, the user cannot understand or rely on comparable  
23 analysis. As a result, the Respondent violated USPAP Standards Rule 1-4(a), as codified  
24 in NAC 645C.405(1). The Respondent's actions constitute professional incompetence  
25 pursuant to NRS 645C.470(3) and grounds for disciplinary action pursuant to NRS  
26 645C.460(1)(a) and/or (b).

#### 27 **Seventh Violation**

28 By failing to provide a summary or the analysis of the contingent sale/purchase

1 agreement or an explanation as to why the purchase agreement was not obtainable or  
2 irrelevant, the Respondent failed to analyze all agreements related to the property. As a  
3 result, the Respondent violated USPAP Standards Rule 1-5(a), as codified in NAC  
4 645C.405(1). The Respondent's actions constitute professional incompetence pursuant to  
5 NRS 645C.470(3) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a)  
6 and/or (b).

#### 7 **Eighth Violation**

8 By failing to explain or justify the selection of the sales comparison approach and  
9 disregard of the income and cost approach, the Respondent failed to reconcile the  
10 suitability of the approaches used to arrive at the value conclusion. As a result, the  
11 Respondent violated USPAP Standards Rule 1-6(b), as codified in NAC 645C.405(1). The  
12 Respondent's actions constitute professional incompetence pursuant to NRS 645C.470(3)  
13 and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

#### 14 **Ninth Violation**

15 By failing to consistently and adequately explain the effective age and actual age  
16 comparison, the Respondent failed to communicate the analysis, opinion, and conclusion  
17 in a manner that was not misleading. Specifically, the Respondent failed to identify the  
18 selection of comparable sales, which make it unclear if retrospective valuation analysis  
19 was completed correctly.

20 As a result, the Respondent violated USPAP Standards Rule 2-1(a) and Rule 2-1(b),  
21 as codified in NAC 645C.405(1). The Respondent's actions constitute unprofessional  
22 conduct pursuant to NRS 645C.470(2) and grounds for disciplinary action pursuant to  
23 NRS 645C.460(1)(a) and/or (b).

#### 24 **Tenth Violation**

25 By failing to clearly and accurately disclose the intended use of the appraisal and  
26 state whether the appraisal was a Self-Contained Appraisal Report, Summary Appraisal  
27 Report, or Restricted Use Appraisal Report, the Respondent failed to communicate the  
28 analysis, opinion, and conclusion in a manner that was not misleading. Specifically, the

1 Respondent failed to describe or summarize the information analyzed, the appraisal  
2 methods and techniques employed, and the reasoning that supports the analysis,  
3 opinions, and conclusions.

4 As a result, the Respondent violated USPAP Standards Rule 2-2(a) and Rule 2-2(b),  
5 as codified in NAC 645C.405(1). The Respondent's actions constitute unprofessional  
6 conduct pursuant to NRS 645C.470(2) and grounds for disciplinary action pursuant to  
7 NRS 645C.460(1)(a) and/or (b).

#### 8 **DISCIPLINE AUTHORIZED**

9 1. Pursuant to NRS 645C.460(2), if grounds for disciplinary action against an  
10 appraiser are found to exist for unprofessional conduct, the Commission may revoke or  
11 suspend the certificate, place conditions upon the certificate, deny the renewal of his or  
12 her certificate, and/or impose a fine up to \$10,000.00 per violation. NRS 645C.480(1)(a) is  
13 identified as an additional act of unprofessional conduct.

14 2. Additionally, under NRS Chapter 622.400, the Commission is authorized to  
15 impose the costs of the proceeding upon the Respondent, including investigative costs and  
16 attorney's fees, if the Commission otherwise imposes discipline on the Respondent.

17 3. Therefore, the Division requests the Commission to impose such discipline as  
18 it determines is appropriate under the circumstances and to award the Division its costs  
19 and attorney's fees for this proceeding.

20 **PLEASE TAKE NOTICE** that a disciplinary hearing has been set to consider this  
21 Administrative Complaint against the above-named Respondent in accordance with  
22 Chapter 233B and Chapter 645C of the Nevada Revised Statutes and Chapter 645C of the  
23 Nevada Administrative Code.

24 **THE HEARING WILL TAKE PLACE** at the Commission meeting scheduled  
25 for October 9, 10, and 11, 2018, beginning at approximately 9:00 a.m. each day, or  
26 until such time as the Commission concludes its business. The Commission  
27 meeting will be held at the Nevada State Business Center, 3300 W. Sahara  
28 Avenue, Nevada Room, Suite 400, Las Vegas, Nevada 89102, with

1 videoconferencing to the State of Nevada, Department of Business and  
2 Industry, Division of Insurance, 1818 East College Parkway, 1st floor Hearing  
3 Room, Carson City, Nevada 89706.

4 **STACKED CALENDAR:** Your hearing is one of several hearings that may  
5 be scheduled at the same time as part of a regular meeting of the Commission  
6 that is expected to take place on October 9-11, 2018. Thus, your hearing may be  
7 continued until later in the day or from day to day. It is your responsibility to  
8 be present when your case is called. If you are not present when your case is  
9 called, a default may be entered against you, and the Commission may decide  
10 the case as if all allegations in the complaint were true. If you need to negotiate  
11 a more specific time for your hearing in advance, because of coordination with  
12 out of state witnesses or the like, please call Samiel Williams, Commission  
13 Coordinator, at (702) 486-4606.

14 **YOUR RIGHTS AT THE HEARING:** Except as mentioned below, the hearing is an  
15 open meeting under Nevada's open meeting law and may be attended by the public. After  
16 the evidence and arguments, the Commission may conduct a closed meeting to discuss  
17 your alleged misconduct or professional competence. A verbatim record will be made by a  
18 certified court reporter. You are entitled to a copy of the transcript of the open and closed  
19 portions of the meeting, although you must pay for the transcription.

20 As the Respondent, you are specifically informed that you have the right to appear  
21 and be heard in your defense, either personally or through your counsel of choice. At the  
22 hearing, the Division has the burden of proving the allegations in the complaint and will  
23 call witnesses and present evidence against you. You have the right to respond and to  
24 present relevant evidence and argument on all issues involved. You have the right to call  
25 and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any  
26 matter relevant to the issues involved.


27 You have the right to request that the Commission issue subpoenas to compel  
28 witnesses to testify and/or evidence to be offered on your behalf. In making this request,



1 you may be required to demonstrate the relevance of the witnesses' testimony and/or  
2 evidence. Other important rights you have are listed in NRS Chapter 645C, NRS  
3 Chapter 233B, and NAC Chapter 645C.


4  
5 DATED the 5 day of September 2018

6 NEVADA REAL ESTATE DIVISION

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8  
9 By:   
10 SHARATH CHANDRA, Administrator  
11 3300 W. Sahara Avenue, Suite 350  
12 Las Vegas, Nevada 89102  
13 (702) 486-4033

DATED the 4th day of September 2018

ADAM PAUL LAXALT  
Attorney General

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