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3 **COMMISSION OF APPRAISERS OF REAL ESTATE**

4 **STATE OF NEVADA**

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

9 Petitioner,

10 vs.

11 HARRY H. SCHMALZ
12 (License No. A.0001745-CR),

13 Respondent.

Case Nos. 2019-991, AP20.008.S
and
2020-950, AP21.020.S

STIPULATION AND ORDER
FOR GLOBAL SETTLEMENT
OF DISCIPLINARY ACTIONS

FILED

APR 17 2023

NEVADA COMMISSION OF APPRAISERS
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14 This Stipulation and Order for Global Settlement of Disciplinary Action (this
15 "Stipulation") is entered into by and between the State of Nevada, Department of Business
16 and Industry, Real Estate Division ("Division"), through its Administrator Sharath
17 Chandra ("Petitioner"), by and through their attorney of record, Christal P. Keegan, Deputy
18 Attorney General, and Harry H. Schmalz ("RESPONDENT").

19 RESPONDENT, at all relevant times mentioned in each of the two Complaints, was
20 licensed by the Division as a Licensed Residential Appraiser, License No. A.0001745-CR.
21 He is therefore subject to the jurisdiction of the Division and the Commission and the
22 provisions of NRS chapter 645C and NAC chapter 645C.

23 **SUMMARY OF FACTUAL ALLEGATIONS SET FORTH IN THE COMPLAINT**
24 **CASE NO. 2019-991, AP20.008.S**

25 1. The Respondent prepared an Appraisal Report for 6056 Casa Loma Avenue,
26 Las Vegas, Nevada 89156 ("Property"), a manufactured home converted to real property.
27 *NRED 000039 – 000084, and NRED 000089.*

28 2. The Respondent's Appraisal Report made improper comparables to non-
converted manufactured homes. *NRED 000041, NRED 000046, and NRED 000094 –*
000105.

1 3. The Respondent's Appraisal Report made inconsistent adjustments in the
2 sales grid. *NRED 000041, and NRED 000046.*

3 4. The Cost Approach section made representations that land sales were
4 researched but that was not supported in the work file. *NRED 000040.*

5 5. The Sales Comparison section made adjustments that were not supported in
6 the work file. *NRED 000041, NRED 000046, and NRED 000032 – 000126.*

7 6. The Cost Approach section lacked improvement costs despite Respondent's
8 work file indicating supplemental costs to account for such improvements. *NRED 000040,*
9 *NRED 000054 – 000057, and NRED 000113.*

10 7. The report and work file did not support the representations within the sales
11 grid were derived from the simple paired sales analysis. *NRED 000042, and NRED 000032 – 000126.*

12 8. The report did not contain a summary of how the opinion of site value or sales
13 grid adjustments were made. *NRED 000041 – 000042, and NRED 000046.*

14 9. The work file failed to include a copy of the original appraisal report signed
15 on August 16, 2019. *NRED 000010, NRED 000045, and NRED 000032 – 000126.*

16 10. The report and work file contained no analysis of the sales price or days on
17 the market. *NRED 000039, and NRED 000032 – 000126.*

18 11. The analysis of sales or transfer history indicated the Property sales price was
19 within the indicated value but was higher than all the adjusted sales prices. *NRED 000041.*

20 12. The report stated the Cost Approach is not a good indicator and yet the value
21 was nearly equivalent to the concluded value with a marginal difference of \$100. *NRED*
22 *000041.*

23 **SUMMARY OF FACTUAL ALLEGATIONS SET FORTH IN THE COMPLAINT**
24 **CASE NO. 2020-950, AP21.020.S**

25 1. The RESPONDENT prepared an Appraisal Report for 5305 Secluded Brook
26 Court, Las Vegas, Nevada 89149 ("Property"). *NRED 000008 – 000040.*

27 2. The Property 's condition was superior in materials and upgrades. *NRED*
28 *000008, and NRED 000010.*

1 3. The Respondent's report and work file lacked support of the neighborhood and
2 comparable analysis and calculations for abstraction and extraction. *NRED 000009, and*
3 *NRED 000014 – 000015.*

4 4. The Respondent's work file did not provide support for the report's statements
5 that paired sales were used for adjustments. *NRED 000010, and NRED 000041 – 000062.*

6 5. The Respondent's work file and report did not provide the necessary
7 information or documentation to support the adjustments he made. *NRED 000009, and*
8 *NRED 000014 – 000015.*

9 6. The Respondent's report and work file did not discuss, analyze, support or
10 rationale for opinion of highest and best use of the Property. *NRED 000010.*

11 7. The report stated the extraction method was used but there was no support of
12 such method used in the work file. *NRED 000041 – 000062.*

13 8. The Respondent's report and work file did not discuss the quality and quantity
14 of data used or analyzed. *NRED 000009.*

15 **SUMMARY OF VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT**
16 **CASE NO. 2019-991, AP20.008.S**

17 1. RESPONDENT violated the USPAP ETHICS RULE when he utilized
18 comparables in his report that were different forms of real estate than the Property and
19 made arbitrary adjustments without any and/or minimal support and/or discussion in the
20 report and/or work file.

21 2. RESPONDENT violated USPAP RECORD KEEPING RULE by failing to
22 support the adjustments he made in the Cost Approach.

23 3. RESPONDENT violated the USPAP COMPETENCY RULE by utilizing a
24 majority of comparables that were manufactured homes *not* converted to real property for
25 the Property which was a manufactured home converted to real property.

26 4. RESPONDENT violated the USPAP SCOPE OF WORK RULE by failing to
27 demonstrate the type of extent of data researched when he did not use the same type of
28 real estate as the subject Property.

1 5. RESPONDENT violated USPAP Standards Rule 1-1(a), (b) and (c); through a
2 series of improper utilization of comparables, omissions and/or errors in aggregate that
3 affected the credibility of results.

4 6. RESPONDENT violated Standards Rule 1-2(h) by failing to demonstrate
5 compliance with the USPAP SCOPE OF WORK RULE, see Violation of Law 4 herein.

6 7. RESPONDENT violated Standards Rule 1-3(a) by failing to conduct
7 additional research and/or expanding criteria range and instead provided a majority of
8 market data on different types of real estate than the Property.

9 8. RESPONDENT violated Standards Rule 1-4(a) by (1) using a majority of
10 comparables for unconverted manufactured homes when the Property was a converted
11 manufactured home.

12 9. RESPONDENT violated Standards Rule 1-5(a) by failing to analyze the sales
13 price, days on the market, and/or prior sale.

14 10. RESPONDENT violated Standards Rule 2-1(a), by providing insufficient
15 support in the work file or report explaining the extent of analyses used to arrive at
16 opinions and/or conclusions.

17 11. RESPONDENT violated USPAP Standards Rule 2-2(a)(vii), by failing to
18 provide sufficient support in the work file or report as to how values and adjustments were
19 arrived at.

20 12. As such, RESPONDENT'S actions constitute unprofessional conduct
21 pursuant to NRS 645C.470(2), as determined by NAC 645C.405(1), (2) & (3), and grounds
22 for disciplinary action pursuant to NRS 645C.460(1)(a) & (b).

23 **SUMMARY OF VIOLATIONS OF LAW ALLEGED IN THE COMPLAINT**
24 **CASE NO. 2020-950, AP21.020.S**

25 13. RESPONDENT violated the USPAP ETHICS RULE when he violated the
26 requirements of the RECORD KEEPING RULE by failing to include support in the work
27 file for neighborhood and comparable analysis, and calculations for abstraction and
28 extraction.

1 14. RESPONDENT violated USPAP RECORD KEEPING RULE by failing to
2 include evidence in the work file and/or discussion in the report of market increases,
3 highest and best use, paired sales, and adjustments in the sales grid.

4 15. RESPONDENT violated Standards Rule 1-3(b) by not developing discussion
5 and/or analyses of highest and best use adequately within the report and/or work file.

6 16. RESPONDENT violated Standards Rule 1-4(b) by failing to develop and/or
7 support opinion of site value by the extraction method within the report or work file.

8 17. RESPONDENT violated Standards Rule 1-6(a) by failing to discuss quality
9 and quantity of data in the report's Reconciliation section.

10 18. RESPONDENT violated Standards Rule 2-2(a)(xii), by failing to summarize
11 the support and rationale for his highest and best use opinion.

12 19. As such, RESPONDENT'S actions constitute unprofessional conduct
13 pursuant to NRS 645C.470(2), as determined by NAC 645C.405(1), (2) and (3), and grounds
14 for disciplinary action pursuant to NRS 645C.460(1)(a) and (b).

15 **PROPOSED GLOBAL SETTLEMENT AGREEMENT**

16 In an effort to avoid the time and expense of litigating these issues before the
17 Commission, as well as any possible further legal appeals from any such decision, the
18 parties desire to compromise and settle the instant controversy in *Case Nos. 2019-991,*
19 *AP20.008.S and 2020-950, AP21.020.S*, upon the following terms and conditions:

20 1. RESPONDENT admits to the facts and violations as stated above; however,
21 RESPONDENT does not admit to the ETHICS RULE violations.

22 2. RESPONDENT agrees to pay the Division a total amount of FIFTEEN
23 THOUSAND SIX-HUNDRED SEVENTY-SIX DOLLARS AND NINETY CENTS (\$
24 15,676.90) ("Amount Due"), consisting of TEN THOUSAND DOLLARS AND NO CENTS
25 (\$10,000.00) in fines imposed by the Division, of which \$10,000 is the fine imposed for Case
26 No. 2019-991, AP20.008.S, for all violations as pled in the above-summarized Complaint,
27 and the Division's pre-hearing costs and attorneys' fees incurred for both cases Case Nos.
28 2019-991, AP20.008.S and 2020-950, AP21.020.S, in the total amount of FIVE-

1 THOUSAND SIX-HUNDRED SEVENTY-SIX DOLLARS AND NINETY CENTS
2 (\$5,676.90).

3 3. The Amount Due shall be payable to the Division as follows:

4 RESPONDENT shall make payment, starting ninety (90) days after approval of this
5 Stipulation by the Commission, to be paid as follows:

6 1st Year: \$425/month: Total: \$5,100.00

7 2nd Year: \$425/month: Total: \$10,200.00

8 3rd Year: \$425/month: Total: \$15,300.00

9 RESPONDENT would then make one additional payment of \$376.90 in the last
10 month of repayment for a total payment of \$15,676.90, as being the total Amount Due
11 hereunder. Lump sums can be made in pre-payment with no penalties.

12 4. RESPONDENT further agrees to take 51 hours of the following Division
13 approved education courses:

14 As relevant to Case No. 2019-991, AP20.008.S:

- 15 • Not less than 14 hours of Valuation and Cost Approach.
- 16 • Not less than 4 hours of Ethics, Competence, and Negligence.
- 17 • Not less than 4 hours of Adjustments.
- 18 • Not less than 5 hours in Work File,
- 19 • Not less than 5 hours in Land and Site Valuation.

20 As relevant to Case No. 2020-950, AP21.020.S:

- 21 • Not less than 15 hours Residential Market Analysis and Highest and
22 Best Use

23 The 51 hours of continued education set forth herein above shall be completed within
24 18 months of the Appraisal Commissioner signing the Stipulation. None of the above listed
25 education will count towards license renewal. Upon completion the education must be
26 submitted to the Division. Within one (1) year of completing the required education, the
27 RESPONDENT will submit (1) month of appraisal logs. The Division will select from those
28 logs random appraisals to be reviewed for USPAP compliance, unless the Division finds

1 additional issues with the appraisals reviewed, in which event the Division shall be
2 permitted to pursue additional investigation.

3 5. RESPONDENT'S certificate of supervisory appraisal shall be immediately
4 revoked and suspended pursuant to NAC 645C.108(1)(d), and RESPONDENT shall deliver
5 his certificate to the Division with the registration cards of his interns pursuant to NAC
6 645C.118.

7 6. RESPONDENT and the Division agree that once this Agreement is approved
8 and fully performed, the Division will close its file in this matter and the Division agrees
9 not to pursue any other or greater remedies or fines in connection with RESPONDENT
10 alleged conduct referenced herein. The Division further agrees that unless RESPONDENT
11 fails to make timely payment, the Division will not bring any claim or cause directly or
12 indirectly based upon any of the facts, circumstances, or allegations discovered during the
13 Division's investigation and prosecution of this case.

14 7. RESPONDENT agrees and understands that by entering into this
15 Stipulation, RESPONDENT is waiving his right to a hearing in each matter at which
16 RESPONDENT may present evidence in his defense, his right to a written decision on the
17 merits of the complaint, his rights to reconsideration and/or rehearing, appeal and/or
18 judicial review, and all other rights which may be accorded by the Nevada Administrative
19 Procedure Act, the Nevada Real Estate Appraisers statutes and accompanying regulations,
20 and the federal and state Constitutions.

21 8. RESPONDENT understands that this Agreement and other documentation
22 may be subject to public records laws. The Commission members who review this matter
23 for approval of this Stipulation may be the same members who ultimately hear, consider,
24 and decide the Complaints if this Stipulation is either not approved by the Commission or
25 is not timely performed by RESPONDENT.

26 9. RESPONDENT fully understands that he has the right to be represented by
27 legal counsel in these matters at his own expense.

28

1 10. Each party shall bear their own attorney's fees and costs, except as provided
2 above.

3 11. Approval of Stipulation. Once executed, this Stipulation will be filed with the
4 Commission and will be placed on the agenda for approval at its next public meeting. The
5 Division will recommend to the Commission approval of the Stipulation. RESPONDENT
6 agrees that the Commission may approve, reject, or suggest amendments to this
7 Stipulation that must be accepted or rejected by RESPONDENT before any amendment is
8 effective.

9 12. Withdrawal of Stipulation. If the Commission rejects this Stipulation or
10 suggests amendments unacceptable to RESPONDENT, RESPONDENT may withdraw
11 from this Stipulation, and the Division may pursue its Complaints before the Commission.
12 This Stipulation then shall become null and void and unenforceable in any manner against
13 either party.

14 13. Release. In consideration of the execution of this Stipulation, RESPONDENT
15 for himself, his heirs, executors, administrators, successors, and assigns, hereby
16 releases, remises, and forever discharges the State of Nevada, the Department of Business
17 and Industry, and the Division, and each of their respective members, agents, employees,
18 and counsel in their individual and representative capacities, from any and all manner of
19 actions, causes of action, suits, debts, judgments, executions, claims, and demands
20 whatsoever, known and unknown, in law or equity, that RESPONDENT ever had, now has,
21 may have, or claim to have against any or all of the persons or entities named in this
22 section, arising out of or by reason of the Division's investigations, these disciplinary
23 actions, and all other matters relating thereto.

24 14. Indemnification. RESPONDENT hereby agrees to indemnify and hold
25 harmless the State of Nevada, the Department of Business and Industry, Petitioner, the
26 Division, and each of their respective members, agents, employees, and counsel, in their
27 individual and representative capacities, against any and all claims, suits, and actions
28 brought against said persons and/or entities by reason of the Division's investigations,

1 these disciplinary actions, and all other matters relating thereto, and against any and all
2 expenses, damages, and costs, including court costs and attorney fees, which may be
3 sustained by the persons and/or entities named in this section as a result of said claims,
4 suits, and actions.

5 15. Default. In the event of default under this Stipulation, RESPONDENT agrees
6 that his license shall be immediately suspended, and the unpaid balance of the
7 administrative fine and costs, together with any attorneys' fees and costs that may have
8 been assessed, shall be due in full to the Division within ten calendar days of the date of
9 default. Debt collection actions for unpaid monetary assessments in this case may be
10 instituted by the Division or its assignee.

11 16. RESPONDENT has signed and dated this Stipulation only after reading and
12 understanding all terms herein.

13 DATED this 30 day of March, 2023.

DATED this 30 day of March, 2023.

14 NEVADA DEPARTMENT OF BUSINESS
15 & INDUSTRY, REAL ESTATE DIVISION

16 By: 
17

SHARATH CHANDRA
Administrator

By: 
18

HARRY H. SCHMALZ

19 Approved as to form:

Approved as to form:

20 AARON D. FORD
21 Attorney General

LIPSON NEILSON P.C.

22 By: 
23

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By: /s/ Janeen Isaacson
24

JANEEN ISAACSON (Bar. No. 6429)
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Las Vegas, Nevada 89144-7052

25 *Attorney for Real Estate Division*

Attorney for Respondent

COMMISSION OF APPRAISERS OF REAL ESTATE

STATE OF NEVADA

SHARATH CHANDRA, Administrator,
REAL ESTATE DIVISION,
DEPARTMENT OF BUSINESS AND
INDUSTRY, STATE OF NEVADA,

Case Nos. 2019-991, AP20.008.S
and
2020-950, AP21.020.S

Petitioner,

vs.

HARRY H. SCHMALZ
(License No. A.0001745-CR),

Respondent.

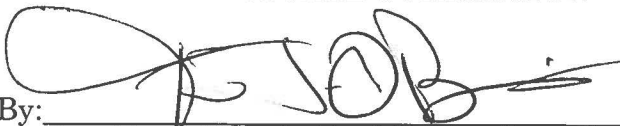
ORDER FOR SETTLEMENT OF
DISCIPLINARY ACTIONS

The Stipulation of Disciplinary Action having come before the Real Estate Commission, Department of Business and Industry, State of Nevada, during its regular agenda on April 4th, 2023, and the Commission being fully apprised of terms and good cause appearing.

IT IS ORDERED that the foregoing Stipulation and Order for Global Settlement of Disciplinary Action, submitted by Petitioner and Respondent, is approved in full.

This Order shall become effective on the 4th day of April, 2023

NEVADA REAL ESTATE COMMISSION

By: 

President, Nevada Real Estate Commission

Submitted by:

AARON D. FORD
Attorney General

By:



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