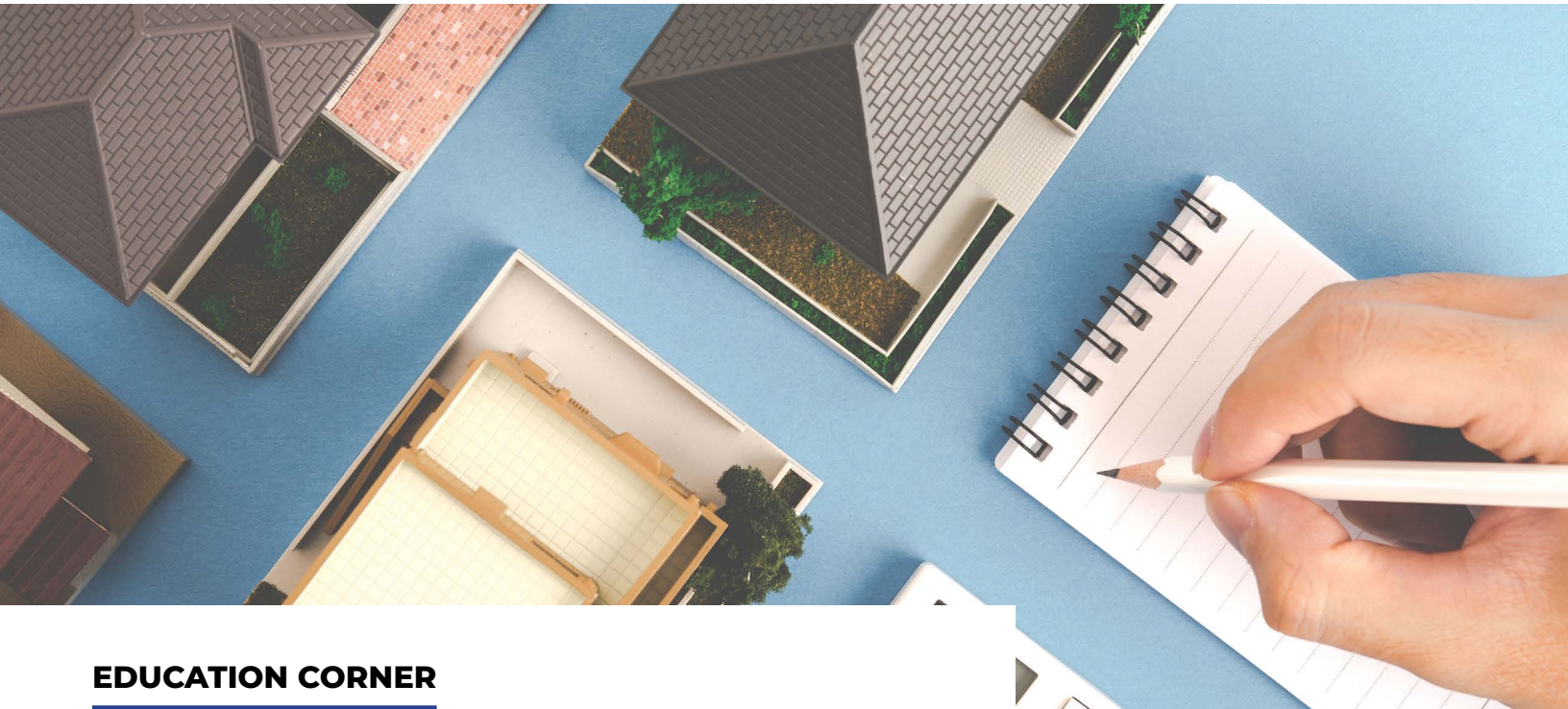


APPRAISAL REPORT

A Newsletter for Nevada Appraisers

<http://red.nv.gov/>



EDUCATION CORNER

FREE CONTINUING EDUCATION CREDIT AT COMMISSION MEETINGS

Did you know that you can attend an Appraisal Commission Meeting and receive up to six hours of continuing education credit per renewal cycle at no cost?

In order to receive credit, you may not be a participant in or otherwise affiliated with a disciplinary hearing at the hearing which you are attending.

Simply sign in, stay for a minimum of two hours, and sign out.

[Upcoming meeting dates](#) are available on the Division's website. Check the website three days prior to the meeting date to confirm the time and location. Please note meetings do not always last three days, so it is always best to plan on attending on the first day. Meetings and dates are subject to change.

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Introducing Commission President Kenneth Cronin



As a fifth-generation native Nevadan, my roots in this great state run deep. My family were some of the first settlers to the region, first making a living via cattle and later in the insurance and banking industries. My great grandfather's residence still stands in downtown Reno and is on the National Registry of Historic Places, having entertained the likes of Nevada Governor Emmet D. Boyle and U.S. Senator Tasker Oddie. I wholeheartedly enjoy living and working in Nevada, and it has been a true honor to establish a career here in the rewarding and progressive appraisal profession.

I have been an appraiser for the last 15 years, during which time I have been the sole proprietor of Appraisal Group of Northern Nevada. I spend much of my time working in the Lake Tahoe basin and surrounding areas. I enjoy the diversity of the Lake Tahoe market, with both luxury class,

lakefront properties and one-of-a-kind, historic cabins. Appraising such complex and remarkable properties is what I enjoy most, as it requires the pursuit of continual knowledge and erudition—this process has undoubtedly made me a better appraiser. Appraising such unique properties has allowed me to network with other appraisers whom I deeply admire and respect, and although it is wonderful being able to do this exciting work in such a beautiful area, I have found over the course of my career that it's really the people you meet along the way who make the appraisal profession so special.

While I am certainly motivated and passionate about my work as an appraiser, I am equally driven and inspired in my family and personal endeavors. There is nothing that I enjoy more than spending time in the outdoors with my wife of over 16 years and our two children, ages 12 and nine. Together, the two of them keep us busier than we ever imagined.

When I'm not working on an appraisal, I can be found skiing and driving my children to and from their "full time" ski racing programs at Squaw Valley Ski Resort in the winter. In the spring, I also go by the name "Coach" and savor my time on the baseball field coaching my sons' teams.

When not on land, I can be found fishing on Lake Tahoe with my family or making an annual pilgrimage to Vancouver Island for salmon and halibut. I am an avid outdoorsman always looking forward to time spent hunting big game or soaking in the state's beauty in the marsh.

Staying active—not only in my career, but in life—is very important to me. I'm a firm believer that we should never stop growing in any facet of our lives—personally or professionally. I am humbled by this appointment and am greatly looking forward to serving as President of the Commission.

FROM THE STANDARD 3 REVIEWER'S DESK

ONE OF THE MOST
COMMON ERRORS
FOUND IN STANDARD 3
REVIEWS FOR THE STATE
OF NEVADA.

LACK OF DISCUSSION AND ANALYSIS OF HIGHEST AND BEST USE

Highest and best use analysis, depending on the assignment and property, may be quite complex. But whether simple or complex, the important takeaway is that the appraiser must "summarize" the support and rationale for his or her highest and best use opinion, when writing an Appraisal Report.

Checking the "Yes" box on a standard lending appraisal form is not adequate, regardless of what other appraisers may do or how you were trained.

STANDARD RULE 1-3 (B) "When necessary for credible assignment results in developing a market value opinion, an appraiser must develop an opinion of highest and best use of the real estate. Comment: An appraiser must analyze the relevant legal, physical, and economic factors to the extent necessary to support the appraiser's highest and best use conclusion(s)."

STANDARD RULE 2-2 (A) "The content of an Appraisal Report must... when an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion."

THE CURE

For simple properties and simple assignments, much of the summary of the highest and best use may be very similar to the summary in other assignments.

For example, you might not need a long-drawn-out analysis and summary regarding the highest and best use of a property in a subdivision. However, a more in-depth analysis and write-up might be necessary for a more unique property or for an assignment that is otherwise complex. At a minimum, summarize the results of your consideration of the four tests: legally permissible, physically possible, financially feasible, and most productive.

DISCIPLINE CASES FROM THE APPRAISAL ADVISORY REVIEW COMMITTEE

Note: The following is a summary of recent disciplinary actions imposed by the Nevada Commission of Appraisers of Real Estate. This is only a summary of the written decisions of the Commission. For brevity, some of the facts and conclusions may have been edited out. Because these are summaries only, and because each case is unique, and fact specific, these summaries should not be relied on as precedent as to how similar cases may be handled



AS OF OCTOBER 2019, THERE ARE 6 CASES PENDING AARC FOR 2020.

CERTIFIED RESIDENTIAL

First of two complaints against this respondent.

A complaint filed with the Division on April 2, 2018 questions the comparable sales utilized within a report and notes that all comparable sales were valued greater than the subject's final value opinion. The complaint itemizes and monetizes the upgrades of the subject home, questioning if the upgrades were taken into consideration by the respondent. The complaint alleges that the respondent appeared to maintain a racial bias. Furthermore, the complaint alleges that the report was not completed accurately, and the report impairs the owner's ability to refinance the subject in order to improve upon its value in the future.

VIOLATIONS

Record Keeping Rule
Standard Rule 1-1 (a)
Standard Rule 1-5 (b)
Standard Rule 2-2 (a) (viii)
Standard Rule 2-2 (a) (x)

DISCIPLINE

Sales Adjustments: 15 HRS
Work File: 5 HRS
Site Valuation & Cost Approach: 14 HRS
Report Writing: 14 HRS

CERTIFIED RESIDENTIAL

Second of two complaints against this respondent.

A review of another case prompted a closer look at this appraisal. A complaint was filed against another appraiser on June 30, 2017 regarding the same subject property. A review of the appraisal in the complaint, filed on June 20, 2017, warranted a closer look by the Division at the appraisal, done by this respondent. Respondent did the original appraisal on the subject property. The complaint was filed against the other appraiser who did a secondary appraisal, on the same subject property.

VIOLATIONS

Record Keeping Rule
Standard Rule 1-1 (a)
Standard Rule 2-2 (a) (viii)
Standard Rule 2-2 (a) (x)

DISCIPLINE

Sales Adjustments: 15 HRS
Work File: 5 HRS
Site Valuation & Cost Approach: 14 HRS
Report Writing: 14 HRS

CERTIFIED RESIDENTIAL

A Statement of Fact was received on March 28, 2018. The complaint states that the respondent completed a previous appraisal of the subject in 2016 and that the reports from 2016 and 2018 were the same with no mention of subsequent upgrades. The 2018 report includes comments from 2016 regarding ceiling water damage in the kitchen and dining area which was repaired prior to 2018 appraisal.

VIOLATIONS

Record Keeping Rule,
Standard Rule: 2-1(b),
Standard Rule: 2-2(a)(viii)
Standard Rule 2-2 (a) (x)

DISCIPLINE

Sales Adjustments: 7 HRS
Cost Approach: 14 HRS
Report Writing: 14 HRS

CERTIFIED RESIDENTIAL

The 1004MC Market Conditions Addendum's limited sampling size contributed to a statistical error, concluding the median comparable sales prices are stable. Therefore, the appraisal conclusion that property values are stable within the defined market area are not supported.

The value opinion based upon the Sales Comparison Approach is not credible, given that no adjustments for contract dates were applied to the Sales Comparison Approach comparable sales.

Adjustments were applied to the comparable sales for site area, bathroom count, room count, covered patio, and upgrades. In addition, the comparable listings were adjusted for contract date and superior upgrades. The work file contains no evidence of analysis or computations regarding the adjustments.

The client required the appraisal report include the Cost Approach. Although the appraisal reconciliation analysis indicated the Cost Approach was given no consideration in the final opinion of value, the Cost Approach was not completed in a credible manner.

The appraisal reported a previous sale of the subject, but no analysis of the sale was noted in the report.

VIOLATIONS

Record Keeping Rule
Standard Rule 1-1 (a)
Standard Rule 1-5 (b)
Standard Rule 2-1 (a)

DISCIPLINE

Work File: 5 HRS (online)
Site Valuation & Cost Approach: 14 HRS
(Classroom)
Residential Report Writing & Case
Analysis: 14 HRS (Classroom)

CERTIFIED RESIDENTIAL

The complaint disagrees with the final opinion of value, stating, "There is just no way we can sell our home for 174k when the same house in our complex just sold for 193k and we have an all updated interior."

VIOLATIONS

Record Keeping Rule,
Standard Rule 1-1 (a)
Standard Rule 1-1 (b)
Standard Rule 1-1 (c)
Standard Rule 1-5 (b)

Standard Rule 2-1 (a)
Standard Rule 2-2 (a) (viii)
Standard Rule 2-2 (a) (x)

DISCIPLINE

Work File: 5 HRS (online)
Site Valuation & Cost Approach: 14 HRS
(Classroom)
Residential Report Writing & Case
Analysis: 14 HRS (Classroom)

A Couple More Things . . .

UPDATES TO THE NATIONAL REGISTRY

To have information such as addresses and phone numbers updated on the National Registry, contact the Appraisal Program Manager at jvlindsay@red.nv.gov with the information that needs to be updated or corrected.

SERVE ON THE ADVISORY REVIEW COMMITTEE

The Appraisal Advisory Review Committee (AARC) is comprised of volunteer Appraisers who gather to hear investigative cases in an informal setting. If you're interested in serving on the AARC, complete [the application on the Division's website](#) and email it to jvlindsay@red.nv.gov.

NEW ONLINE:

- [New Continuing Education \(CE\) Courses](#)
- [Renewed CE Courses](#)
- [Additional Resources](#)

APPRAISAL STATISTICS AS OF JANUARY 2020

APPRAISER TYPE	COUNT
Certified General Appraisers	424
Certified Residential Appraisers	454
Residential Appraisers	72
Appraiser Interns	91
Appraisal Management Companies	153
Appraisal Management Companies (Individual)	336
Inters Approved since July 1, 2019	0

This is the Appraisal Section's second newsletter. It is the intent to get a newsletter out at least quarterly. If you have suggestions or recommendation for the newsletter, please feel free to contact Jaye Lindsay, Appraisal Program Manager at jvlindsay@red.nv.gov.

REAL ESTATE DIVISION

SHARATH CHANDRA
Administrator

PERRY FAIGIN
Deputy Administrator

JAYE LINDSAY
Appraisal Program Manager

VACANT
Compliance/Audit Investigator II

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