

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

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

8 Petitioner,

9 vs.

10 RICHARD ROMANO
11 (License No. A.0004351-CR),

12 Respondent.

Case No. 2017-2566 & AP18.007.S

**STIPULATION FOR SETTLEMENT
OF
DISCIPLINARY ACTION**

FILED

OCT 16 2019

NEVADA COMMISSION OF APPRAISERS

14 This Stipulation ("Stipulation") is entered into by and between the Petitioner, REAL
15 ESTATE DIVISION, DEPARTMENT OF BUSINESS AND INDUSTRY, STATE OF
16 NEVADA ("Division"), by and through its Administrator, SHARATH CHANDRA, and the
17 Respondent, RICHARD ROMANO ("RESPONDENT"). The RESPONDENT was at all times
18 relevant to this Stipulation, licensed as a certified general appraiser by the Division under
19 License No. A.0004351-CR.

20 **JURISDICTION**

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

25 **FACTUAL ALLEGATIONS**

26 1. The Respondent is currently licensed by the Division as a Certified
27 Residential Appraiser on September 17, 2002, License No. A.0004351-CR, with an
28 expiration of September 30, 2020.

1 2. On or about December 26, 2017, the Division received a complaint/statement
2 of fact asserting that the Respondent completed a purchase transaction appraisal in
3 violation of several provision of the Uniform Standards of Professional Appraisal Practice
4 (“USPAP”), because the Respondent used unverified comparative sales and had failed to
5 develop the 1004MC Market Conditions Addendum.

6 3. The complaint/statement of fact received by the Division contained a copy of
7 Respondent’s Appraisal Report (“Original Appraisal Report”).

8 4. The Respondent prepared a Uniform Residential Appraisal Report of the
9 single story, approximately 3040 sq. ft. residential property, built in 2016 located at 6312
10 Waking Moon Circle, Las Vegas, Nevada 89131, APN 125-23-510-001 (“Property”), by
11 analyzing the nature, quality, value, or use of the property, and offered an opinion as to the
12 nature, quality, value or use of the property for or with the expectation of compensation.

13 5. The intended use of the appraisal performed by the Respondent was a
14 “mortgage finance transaction.”

15 6. The Original Appraisal Report contains a value conclusion for the Property of
16 \$505,000.00, with the effective date identified as December 13, 2017; the appraisal report
17 was signed by the Respondent on December 18, 2017.

18 7. The Respondent received three (3) separate revision requests from his
19 contracting Appraisal Management Company (“AMC”).

20 8. On or about December 17, 2017, the Respondent received the first revision
21 request from the AMC requesting a correction to the bathroom photos to reflect only three
22 bathrooms.

23 9. On or about December 21, 2017, the Respondent received the second revision
24 request from the AMC requesting reconsideration of the following: (1) the limited size of
25 the 1004MC; (2) the market trend analysis; (3) verification of comparative sale contract
26 dates; (4) the non-inclusion of the recent sale of 7178 Fire Opal; and (5) the metropolitan
27 statistical area (MSA).

28 10. On or about December 27, 2017, the Respondent received a third revision

1 request from the AMC requesting reconsideration of the Respondent's defined market area
2 as well as inclusion of additional comparative sales.

3 11. Following the AMC's third revision request, the Respondent made significant
4 changes to the appraisal report without including supporting information justifying or
5 quantifying the changes. The changes include: (1) amending the neighborhood section to
6 reflect increasing property values for one-unit housing; (2) the 1004MC was changed to
7 reflect an increasing market; (3) sales comparison approach adjustments were added for
8 contract date and view; (4) and additional comparable, sale 5 was added; and (5) the final
9 opinion of value was changed.

10 12. The Respondent failed to confirm the contract date for comparable sales 1 and
11 2 in both the Original and Revised Appraisal Reports.

12 13. The Respondent's Revised Appraisal Report workfile does not contain any
13 analysis as to the reconciliation between market analysis and differing date/time
14 adjustments for comparable sales 1 and 2.

15 14. The Original Appraisal Report's sales comparison approach analysis did not
16 include any adjustments for view to comparable sales 2, 3, 4, 5, or 6.

17 15. The Revised Appraisal Report's sales comparison approach analysis did
18 include view adjustments to comparable sales 2, 3, 4, 5, 6, and 7.

19 16. The Revised Appraisal Report's additional comparable, sale 5 is adjusted, but
20 fails to include information regarding the quantification of the market-based adjustments
21 or value calculations.

22 17. The Respondent's workfile does not include information as to the development
23 and quantification of the site improvements and landscaping valuations.

24 18. The Respondent failed to provide information specific to the change in
25 neighborhood market conditions from stable his Original Appraisal Report to increasing in
26 his Revised Appraisal Report.

27 19. Both the Original and Revised Appraisal Reports incorrectly identify the
28 Property as a Builder Sale with an effective age of "0," when the Property was actually a

1 one year old resale.

2 20. The Original Appraisal Report's addendum incorrectly identified comparable
3 sale 5 as located on a golf course and also incorrectly identified the Property as "a new
4 dwelling."

5 21. Both of the Respondent's appraisal reports failed to correctly analyze the
6 Property's accrued depreciation.

7 22. Both of the Respondent's appraisal reports failed to include an analysis of the
8 Property's prior sale on or about April 20, 2017.

9 23. Both of the Respondent's appraisal reports failed to adequately reconcile the
10 conclusion that the cost approach had "a minimal impact on the final conclusions for the
11 subject."

12 24. Both of the Respondent's appraisal reports failed to reconcile the applicability
13 or suitability of the cost approach and income approach or the exclusion of the approaches
14 in development of the final value conclusion.

15 25. Both of the Respondent's appraisal reports are misleading due to the lack of
16 quantifiable analysis in the workfile to support the adjustments and/or non-adjustments
17 as well as the conflicting information within the reports.

18 26. Both of the Respondent's appraisal reports contain conflicting information in
19 the addendum and 1004MC regarding the median marketing time.

20 27. Both of the Respondent's appraisal reports refer to "paired sales analysis," but
21 neither report contains evidence of paired analysis within the workfile.

22 28. Both of the Respondent's appraisal reports fail to adequately describe and
23 support the rationale for the highest and best use, identified as the current use.

24 29. The Respondent improperly allowed the AMC to influence his appraisal
25 report.

26 30. On or about December 26, 2017, the Division sent the Respondent an opening
27 letter, via certified mail, requesting a copy of his entire appraisal workfile and all
28 supporting documentation.

1 31. On or about February 9, 2018, the Respondent submitted a response to the
2 Division's opening letter dated December 26, 2017, wherein he only provided a copy of his
3 Revised Appraisal Report and not a copy of his Original Appraisal Report submitted to the
4 client prior to the AMC's revision requests or the revision requests themselves.

5 32. The Revised Appraisal Report contains a value conclusion for the Property of
6 \$532,000.00, with the effective date identified as December 13, 2017; the appraisal report
7 was signed by the Respondent on December 27, 2017.

8 33. On or about March 1, 2019, the Division mailed to the Respondent a follow-
9 up letter, pursuant to NRS Chapter 233B Letter, as required by NRS 233B.237(3)
10 indicating that the Division's investigation had uncovered sufficient evidence to
11 recommend the filing of a formal complaint by the Division with the Nevada Appraisal
12 Commission.

13 **ALLEGED VIOLATIONS OF LAW**

14 **First Violation**

15 The Respondent failed to prepare the appraisal report for the Property in
16 Compliance with the Standards of the Appraisal Foundation. These Standards are
17 published in the Uniform Standards of Professional Appraisal Practice ("USPAP") adopted
18 by the Appraisal Standards Board of the Appraisal Foundation, as authorized by Congress
19 and adopted in Nevada by NAC 645C.400.¹

20 Respondent violated the USPAP ETHICS RULE, as codified in NAC 645C.405(1), by
21 failing to perform the assignment with impartiality, objectivity, and independence and
22 without accommodation of personal interests. The Respondent's actions constitute
23 unprofessional conduct, pursuant to NRS 645C.470(2) and grounds for disciplinary action
24 pursuant to NRS 645C.460(1)(a) and/or (b).

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27 ¹ The 2016-2017 edition of USPAP, effective January 1, 2016 through December 31, 2017, is
28 applicable to and utilized for this Complaint.

1 **Second Violation**

2 The Respondent violated the USPAP RECORD KEEPING RULE, as codified
3 in NAC 645C.405(1), by failing to keep and maintain true copies of all written reports,
4 documented on any type of media and all other data, information, and documentation
5 necessary to support the appraiser's opinions and conclusions, and to show compliance with
6 USPAP, or references to the location(s) of such other data, information or documentation.
7 The Respondent's actions constitute unprofessional conduct, pursuant to NRS 645C.470(2)
8 and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

9 The Respondent also violated NRS 645C.480(1)(b) by failing to produce any
10 document, book or record in his or her possession or under his or her control after being
11 requested to do so by the Division as part of its investigation of a complaint. The
12 Respondent's actions constitute unprofessional conduct, pursuant to NRS 645C.470(2) and
13 grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

14 **Third Violation**

15 The Respondent violated the USPAP SCOPE OF WORK RULE, as codified in NAC
16 645C.405(1), by failing to provide information specific to the reported value increase in his
17 Revised Appraisal Report. The SCOPE OF WORK RULE requires description of the type
18 and extent of data researched; and the extent of analyses applied to arrive at opinions or
19 conclusions. Credible assignment results require support by relevant evidence and logic.

20 **Fourth Violation**

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

26 **Fifth Violation**

27 In making a real property appraisal in a careless or negligent manner, the
28 Respondent made a series of errors that, although individually might not have significantly

1 affected the results of the appraisal, in the aggregate did affect the credibility of the
2 appraisal, and therefore Respondent violated USPAP Standards Rule 1-1(c), as codified in
3 NAC 645C.405(1). The Respondent's actions constitute professional incompetence
4 pursuant to NRS 645C.470(3) and grounds for disciplinary action pursuant to NRS
5 645C.460(1)(a) and/or (b).

6 **Sixth Violation**

7 The Respondent's appraisal reports failed to include extraction calculations for the
8 site value; failed to analyze accrued depreciation; and failed to adequately describe and
9 develop the cost approach. As a result, the Respondent violated USPAP Standards Rule 1-
10 4(b)(i) and 1-4(b)(iii), as codified in NAC 645C.405(1). The Respondent's actions constitute
11 professional incompetence pursuant to NRS 645C.470(3) and grounds for disciplinary
12 action pursuant to NRS 645C.460(1)(a) and/or (b).

13 **Seventh Violation**

14 By failing to analyze all sales of the subject property that occurred within the three
15 (3) years prior to the effective date of the appraisal, the Respondent violated USPAP
16 Standards Rule 1-5(b), as codified in NAC 645C.405(1). The Respondent's actions constitute
17 professional incompetence pursuant to NRS 645C.470(3) and grounds for disciplinary
18 action pursuant to NRS 645C.460(1)(a) and/or (b).

19 **Eighth Violation**

20 By failing to reconcile the quality and quantity of data available and analyzed within
21 the approaches used and by failing to explain or justify the disregard of the income
22 approach, the Respondent violated USPAP Standards Rule 1-6(a) and 1-6(b), as codified in
23 NAC 645C.405(1). The Respondent's actions constitute professional incompetence
24 pursuant to NRS 645C.470(3) and grounds for disciplinary action pursuant to NRS
25 645C.460(1)(a) and/or (b).

26 **Ninth Violation**

27 The Respondent failed to clearly and accurately set forth the appraisal in a manner
28 that was not misleading and the Respondent failed to include sufficient information in the

1 appraisal to enable the intended users of the appraisal to understand the report properly.
2 Specifically, the Respondent failed to correctly identify the age of the subject property, or
3 the median marketing time. As a result, the Respondent violated USPAP Standards Rule
4 2-1(a) and Rule 2-1(b), as codified in NAC 645C.405(1). The Respondent's actions constitute
5 unprofessional conduct pursuant to NRS 645C.470(2) and grounds for disciplinary action
6 pursuant to NRS 645C.460(1)(a) and/or (b).

7 **Tenth Violation**

8 Respondent violated USPAP Standards Rule 2-2(a)(viii) by failing to describe or
9 summarize the information analyzed, the appraisal techniques employed, and the
10 reasoning that supports the analyses, opinions, and conclusions, and the exclusions of
11 approaches. The Respondent also violated USPAP Standards Rule 2-2(a)(x) by failing to
12 describe the support or rationale for the opinion of highest and best use. The Respondent's
13 actions constitute unprofessional conduct pursuant to NRS 645C.470(2) and grounds for
14 disciplinary action pursuant to NRS 645C.460(1)(a) and/or (b).

15 **DISCIPLINE AUTHORIZED**

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

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

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

1 **PROPOSED SETTLEMENT**

2 The Division is prepared to put on a case based on the Complaint filed with the
3 Commission of Appraisers of Real Estate ("Commission") alleging the above offenses, and
4 the Division is authorized under NRS Chapter 645C.460(2) to revoke or suspend the
5 certificate, place conditions upon the certificate, and/or impose a fine up to Ten Thousand
6 Dollars (\$10,000.00) per violation. The RESPONDENT is prepared to vigorously defend
7 any such Complaint; however, the parties desire to compromise and settle the instant
8 controversy upon the following terms and conditions:

9 1. The RESPONDENT agrees to take a minimum of Fifty-Six (56) hours of
10 Continuing Education Credits ("CEC") in the each of the following areas: (i) not less than 5
11 hours of Ethics; (ii) not less than 5 hours in Work File; (iii) not less than 14 hours in Highest
12 and Best Use; (iv) not less than 14 hours in Report Writing; (v) not less than 14 hours in Cost
13 Approach; and (vi) not less than 4 hours in Residential Adjustments. These courses shall be
14 completed within one (1) year of the effective date of the Commission's order approving this
15 Stipulation. These courses will not count toward the RESPONDENT's continuing education
16 requirements. Proof of completion must be submitted to the Division upon completion of all
17 the required education.

18 2. The RESPONDENT agrees to pay the Division a monetary penalty of FIVE
19 THOUSAND DOLLARS (\$5,000.00), payable within one hundred and eighty (180) days of
20 the effective date of the Commission's Order accepting this Stipulation.

21 3. The RESPONDENT agrees to pay the Division its pre-hearing investigative
22 costs of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500.00), payable within one
23 hundred and eighty (180) days of the effective date of the Commission's Order accepting this
24 Stipulation.

25 4. If the payment is not received by the Division on or before the expiration of
26 one hundred and eighty (180) days, it shall be construed as an event of default by
27 RESPONDENT.

28 5. If proof of completion of the fifty-six (56) hours of CEC is not received by the

1 Division within one (1) year, it shall be construed as an event of default by RESPONDENT.

2 6. In the event of default, RESPONDENT agrees that his license(s) and any
3 permit(s) shall be immediately suspended, the Division may rescind this Stipulation and
4 proceed with prosecuting the Complaint before the Commission. In that case, the
5 Stipulation shall be null and void.

6 7. The RESPONDENT and the Division agree that by entering into this
7 Stipulation, the Division does not concede any defense or mitigation and the RESPONDENT
8 does not admit to the alleged violations, and that once this Stipulation is approved and fully
9 performed, the Division will close its file in this matter.

10 8. The RESPONDENT understands that the public records law may require the
11 Division to make available for inspection this Stipulation and related documents. The
12 RESPONDENT also understands that the Division may share the contents of this Stipulation
13 and related documents with any governmental or professional organization or member of the
14 public;

15 9. The RESPONDENT agrees and understands that by entering into this
16 Stipulation, the RESPONDENT is waiving his right (1) to a hearing at which the
17 RESPONDENT may present evidence in defense and to be represented by counsel; and, (2)
18 to judicial review of any adverse decision by the Commission, and to present a defense to a
19 Commission which has had no prior familiarity with the instant matter. The Commission
20 members who review this matter for approval of this Stipulation may be the same members
21 who ultimately hear the Division's Complaint if this Stipulation is either not approved by the
22 Commission or is not timely performed by the RESPONDENT.

23 10. Neither this Stipulation nor any statements made concerning this Stipulation
24 may be discussed or introduced into evidence at the hearing of the Complaint if the Division
25 must ultimately put on a case based on the Complaint filed in this matter; and

26 11. Each party shall bear its own attorney's fees and costs.

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APPROVAL OF STIPULATION

Once executed, this Stipulation will be filed with the Commission and will be put on the agenda for approval at its October 1-3, 2019, meeting, which by Nevada law is a public meeting. The meeting will commence each day at 9:00 a.m. The meeting will be held at the Nevada State Business Center, 3300 W. Sahara Avenue, Nevada Room, Nevada Room, Suite 400, Las Vegas, Nevada 89102, with videoconference to the State of Nevada, Department of Business and Industry, Director’s Office, 1830 East College Parkway, Suite 100, Carson City, Nevada 89706.

At that time, the Division will recommend to the Commission approval of the Stipulation. The RESPONDENT is required by this Stipulation to attend said hearing. The RESPONDENT acknowledges and agrees that the Commission may approve this Stipulation, reject it, or suggest different terms that must be communicated to the RESPONDENT and accepted or rejected by the RESPONDENT before any such amendment shall become effective.

WITHDRAWAL OF STIPULATION

If the Commission rejects this Stipulation or suggests terms unacceptable to the RESPONDENT, the RESPONDENT may withdraw from this Stipulation, and the Division may pursue a complaint before the Commission.

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RELEASE

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2 In consideration of execution of this Stipulation, the RESPONDENT, or his heirs,
3 executors, administrators, successors, and assigns, hereby release, remise, and forever
4 discharge the State of Nevada, the Department of Business and Industry of the State of
5 Nevada, the Division, and each of their members, agents, and employees in their individual
6 and representative capacities, from any and all manner of actions, causes of action, suits,
7 debts, judgments, executions, claims, and demands whatsoever, known and unknown, in
8 law or equity, that the RESPONDENT ever had, now has, may have, or claim to have
9 against any or all of the persons or entities named in this section, arising out of or by reason
10 of the Division's investigation, disciplinary action, and all other matters relating thereto.

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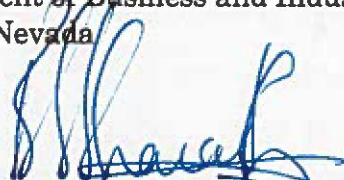
1 **INDEMNIFICATION**

2 The RESPONDENT hereby indemnifies and holds harmless the State of Nevada,
3 the Department of Business and Industry of the State of Nevada, the Division, and each of
4 their members, agents, and employees in their individual and representative capacities
5 against any and all claims, suits, and actions brought against said persons and/or entities
6 by reason of the Division's investigation, this disciplinary action and all other matters
7 relating thereto, and against any and all expenses, damages, and costs, including court
8 costs and attorney fees, which may be sustained by the persons and/or entities named in
9 this section as a result of said claims, suits, and actions.

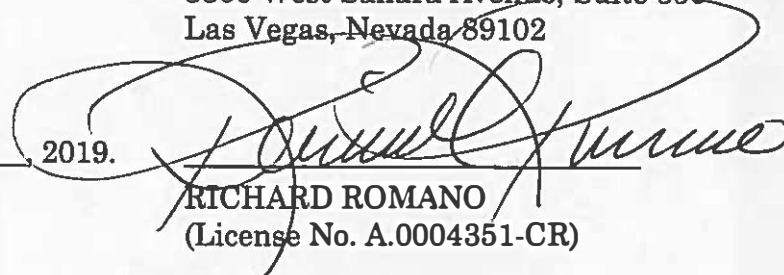
10 IT IS SO STIPULATED.

11 ~~Dated: September~~ 1st 2019.
12 October

NEVADA REAL ESTATE DIVISION
Department of Business and Industry
State of Nevada

13
14 By: 
15 SHARATH CHANDRA, Administrator
16 3300 West Sahara Avenue, Suite 350
Las Vegas, Nevada 89102

17
18 Dated: September 30, 2019.


19 RICHARD ROMANO
(License No. A.0004351-CR)

20 Approved as to form:

21 AARON D. FORD
22 Attorney General

23
24 By: _____
25 PETER K. KEEGAN
26 Deputy Attorney General
100 North Carson Street
27 Carson City, Nevada 89701
Attorneys for State of Nevada,
28 Department of Business and Industry,
Real Estate Division

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3 the Department of Business and Industry of the State of Nevada, the Division, and each of
4 their members, agents, and employees in their individual and representative capacities
5 against any and all claims, suits, and actions brought against said persons and/or entities
6 by reason of the Division's investigation, this disciplinary action and all other matters
7 relating thereto, and against any and all expenses, damages, and costs, including court
8 costs and attorney fees, which may be sustained by the persons and/or entities named in
9 this section as a result of said claims, suits, and actions.

10 IT IS SO STIPULATED.

11 Dated: September _____, 2019.

NEVADA REAL ESTATE DIVISION
Department of Business and Industry
State of Nevada

13 By: _____
14 SHARATH CHANDRA, Administrator
15 3300 West Sahara Avenue, Suite 350
16 Las Vegas, Nevada 89102

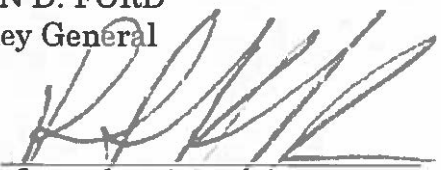
17 Dated: September _____, 2019.

18 _____
RICHARD ROMANO
19 (License No. A.0004351-CR)

20 Approved as to form:

21 AARON D. FORD
Attorney General

23 By:


24 PETER K. KEEGAN
25 Deputy Attorney General
26 100 North Carson Street
27 Carson City, Nevada 89701
28 *Attorneys for State of Nevada,
Department of Business and Industry,
Real Estate Division*

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. 2017-2566 & AP18.007.S

Petitioner,

vs.

FILED

OCT 16 2019

NEVADA COMMISSION OF APPRAISERS

9 RICHARD ROMANO
10 (License No. A.0004351-CR),

Respondent.

14
15 **ORDER APPROVING STIPULATION**

16 The Stipulation for Settlement of Disciplinary Action having come before the
17 Commission of Appraisers of Real Estate, Department of Business and Industry, State of
18 Nevada, during its regular agenda on October 1, 2019, and the Commission being fully
19 apprised of terms and good cause appearing,

20 IT IS ORDERED that the Stipulation for Settlement of Disciplinary Action in this
21 matter is approved in full.

22 This Order shall become effective on the 14 day of Oct 2019.

24 NEVADA REAL ESTATE COMMISSION

25
26 By: Chris Langer

[Print Name] Chris Langer
Commission President