

**NEVADA COMMISSION OF APPRAISERS OF REAL ESTATE
MEETING
APRIL 26-27, 2022 MINUTES**

**VIA IN PERSON AND WEBEX VIRTUAL MEETING
APRIL 26, 2022**

Nevada State Business Center
3300 W. Sahara Avenue
4th Floor, Tahoe Room
Las Vegas, Nevada 89102

The meeting was called to order at 9:09 a.m.

1-A) Introduction of Commissioners in attendance

Scott Krueger, Timothy O'Brien, Larry Michael Gandy, John Ivey, John Wright, and Deputy Attorney General Asheesh Bhalla sitting as Commission Counsel.

1-B) Swearing in of newly appointed Commissioners

President Krueger swore in Commissioners Ivey and Wright.

1-C) Introduction of Division staff in attendance

Sharath Chandra, Administrator; Charvez Foger, Deputy Administrator; Shareece Bates, Administration Section Manager; Jaye Lindsay, Appraisal Program Manager; Nick Lazzarino, Compliance Audit Investigator; and Kelly Valadez, Commission Coordinator.

Deputy Attorney General Louis Csoka was present representing the Division.

2) Public Comment

Terry Farr, an appraiser in Nevada, stated that a revision should be considered for NAC 645C.108(e) which states a supervisory appraiser cannot supervise more than two registered interns at a time. Mr. Farr stated that given the aging population, he is requesting that the number of interns be increased. Mr. Farr stated that there are limited appraisers willing to take on interns, but he is willing and feels it is important for the profession.

**3-A) NRED v. Glenn Howard, for possible action
Case No. 2019-585 AP19A.035.S
License No. A.0007090-RES (Active)**

**3-B) NRED v. Glenn Howard, for possible action
Case No. 2019-751 AP20.001.S
License No. A.0007090-RES (Active)**

**3-C) NRED v. Glenn Howard, for possible action
Case No. 2020-576 AP21.003.S
License No. A.0007090-RES (Active)**

**3-D) NRED v. Glenn Howard, for possible action
Case No. 2020-623 AP21.007.S
License No. A.0007090-RES (Active)**

3-E) NRED v. Glenn Howard, for possible action
Case No. 2021-607 AP21.043.S
License No. A.0007090-RES (Active)

3-F) NRED v. Glenn Howard, for possible action
Case No. 2021-675 AP21.045.S
License No. A.0007090-RES (Active)

Parties Present

Glenn Howard was present virtually.

Janeen Isaacson, Esq. was present virtually representing Mr. Howard.

Deputy Attorney General Louis Csoka was present representing the Division.

President Krueger stated that a copy of the stipulation for settlement has been provided to the Commission.

Mr. Csoka stated that the cases are comprised of a variety of issues, some of which are that Mr. Howard appraised properties for which he was not qualified, he made mistakes in his appraisal reports, and Mr. Howard did not provide records that were requested by the Division. Mr. Csoka stated that the settlement that has been reached is fair for both sides and the items are what were requested by the Division.

Mr. Csoka stated that the terms of the settlement are as follows:

- Mr. Howard will pay the Division the total amount of \$25,803.52 which includes \$18,500 in fines and \$7,303.52 for the Division's investigative costs and attorney fees.
- Mr. Howard will pay the total amount within 3 years.
- Mr. Howard agrees to take 78 hours of continuing education that will not count toward license renewal requirements.

Ms. Isaacson stated that Mr. Howard understands the settlement and the additional education credits to be taken. Ms. Isaacson stated that she has put Mr. Howard in contact with a certified USPAP expert who has offered to provide Mr. Howard personal classes. Ms. Isaacson stated that moving forward, Mr. Howard understands that he needs to fully cooperate with the Commission and the Division. Ms. Isaacson stated that within the 1-year period following the education, Mr. Howard will be providing two months of appraisal logs to the Division for review and if further issues are found that the Division has the right to proceed further.

Commissioner Gandy stated that there are clear violations of Nevada Revised Statutes (NRS) in two of the cases where Mr. Howard was acting outside the scope of his license and appraised complex properties over a million dollars. Commissioner Gandy stated that Mr. Howard acknowledged in his response that he was aware of the alleged violations but was doing it for the experience. Commissioner Gandy stated that the approval of this settlement would send the wrong message to the public and population of appraisers. Commissioner Gandy stated that at this time he is in opposition of approving the settlement.

President Krueger stated that these are serious allegations, and, in the stipulation, there is a large amount in fines and hours of education, but he would like to see Mr. Howard submit more than a two-month period of appraisal logs for review.

Commissioner Wright asked Ms. Isaacson if the one-on-one courses from the licensed USPAP instructor that she has indicated Mr. Howard would be taking will satisfy the education requirements or if the education requirements are going to be taken in a publicly available class.

Ms. Isaacson stated that the Division would have to determine if the one-on-one classes would qualify when submitted, but Mr. Howard will complete the required education in whatever manner is acceptable to the Division. Ms. Isaacson stated that the Division has listed specific areas that need to be covered

and she is hopeful that the Division will consider these classes as appropriate to count towards the 78 hours of education.

Commissioner O'Brien stated that he is aligned with Commissioner Gandy's concerns, but this is a large settlement and moving forward it will be difficult for Mr. Howard to do lending or divorce work again. Commissioner O'Brien stated that with the size of the global settlement, education, and the ability for the Division to review future appraisal logs, he would be in support of the settlement.

Commissioner Wright stated that his concern with this settlement is that it gives Mr. Howard three years to complete the education and then another year before Mr. Howard must submit any appraisal logs to the Division for review. Commissioner Wright stated that if Mr. Howard needs the education to practice appropriately, this could mean that Mr. Howard could be practicing inappropriately for three more years.

President Krueger stated that the allegations in the complaints are serious, and he is concerned with protecting the public. President Krueger stated that the discipline is significant, but he agrees that the time constraint with the education could have Mr. Howard practicing for a while which could potentially present a problem for the public. President Krueger stated that possible revisions should be considered to shorten the time requirement to complete the education or increasing the 2-month of appraisal logs for review.

Janeen Isaacson stated that if the Commission would like the education completed in a particular timing order, that would be a minimal amendment to the plea agreement that could be addressed today.

Commissioner Wright stated that there are six classes, and he believes that it should be required for Mr. Howard to take a minimum of two classes for each of the three years with the principles and procedures classes being a minimum of one of the classes in the first two years. Commissioner Wright stated that he would suggest possibly the Principles in USPAP in year one, Procedures in Nevada Law in year two, and then Self-Protection, Ethics Competency and Negligence in year 3, or something similar.

Commissioner O'Brien stated that he would recommend Procedures in Nevada Law being completed in the first year because USPAP has not really changed in the last two years and possible changes could be coming in the second year period.

President Krueger asked Ms. Isaacson if she had any objections to the amendment of the education portion to the settlement.

Ms. Isaacson stated that she and Mr. Howard did not have any objection to amending the education requirement, and that Mr. Howard would complete the education in any order and time frame that the Commission deemed appropriate.

Commissioner Wright moved that in the cases of NRED v. Glenn Howard, case numbers 2019-585 AP19A.035.S, 2019-751 AP20.001.S, 2020-576 AP21.003.S, 2020-623 AP21.007.S, 2021-607 AP21.043.S, and 2021-675 AP21.045.S that the stipulated global settlement agreement is approved with the following modification in regards to the education: In year one, Mr. Howard agrees to take Appraisal Procedures or Appraisal Principles and Nevada Law, in year two Mr. Howard agrees to take either the Procedures or Principles class that was not taken in year one and not less than a 7-hour USPAP course, and in year 3 Mr. Howard agrees to take the Appraiser Self-Protection and the Ethics Competency and Negligence course; The classes can be taken in a shorter time-frame. Seconded by Commissioner O'Brien. Motion carried.

3-G) NRED v. Darren S. Lytle, for possible action
Case No. 2018-1024 AP19.002.S
License No. A.0003642-CR (Expired)

Parties Present

Darren Lytle was not present.

Louis Csoka was present representing the Division.

Mr. Csoka stated that Mr. Lytle participated in the Division's Appraisal Advisory Review Committee process, but since then, the Division has sent numerous correspondence to the address on record for Mr. Lytle. Mr. Lytle has been unresponsive which resulted in this complaint being filed, and a notice of default entered.

State's Witness

Kelly Valadez, Commission Coordinator, testified regarding service of complaint and notice of default.

President Krueger moved that service was properly provided. Seconded by Commissioner Gandy. Motion carried.

Mr. Csoka stated that the Division would like to proceed with a default.

State's Witness

Jaye Lindsay testified.

Mr. Csoka asked that the State's exhibits be admitted into the record as exhibit 1.

President Krueger moved that the State's exhibits be admitted into the record. Seconded by Commissioner O'Brien. Motion carried.

President Krueger moved that the factual allegation 1-39 have been proven. Seconded by Commissioner Wright. Motion carried.

President Krueger moved that the violations of law 1-14 have been proven. Seconded by Commissioner O'Brien. Motion carried.

Division's Recommendations for Discipline

Jaye Lindsay presented this:

- Mr. Lytle's license be revoked and that he appears before the Commission if he tries to renew his license.
- Mr. Lytle pay the Division's costs of \$4,249.90.

President Krueger moved that in case number 2018-1024 AP19.002.S that Darren S. Lytle's license A.0003642-CR be revoked and that he pay the Division's costs of \$4,249.90 payable within six months. Seconded by Gandy. Motion carried.

3-H) NRED v. Darren S. Lytle, for possible action

Case No. 2018-1555 AP19.018.S

License No. A.0003642-CR (Expired)

Parties Present

Darren Lytle was not present.

Louis Csoka was present representing the Division.

Mr. Csoka stated that this case is similar to Mr. Lytle's previous case just heard by the Commission. Mr. Csoka stated that a complaint and notice of default have been filed.

State's Witness

Kelly Valadez, Commission Coordinator, testified regarding service of complaint and notice of default.

President Krueger moved that service was properly provided. Seconded by Commissioner Gandy. Motion carried.

Mr. Csoka stated that the Division would like to proceed with a default.

Mr. Csoka asked that the State's exhibits be admitted into the record as exhibit 1.

President Krueger moved that the State's exhibits be admitted into the record. Seconded by Commissioner Wright. Motion carried.

State's Witness

Jaye Lindsay testified.

President Krueger moved that the factual allegation 1-21 have been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger moved that the violations of law 1-11 have been proven. Seconded by Commissioner Wright. Motion carried.

Division's Recommendations for Discipline

Jaye Lindsay presented this:

- Mr. Lytle's license be revoked and that he appears before the Commission if he tries to renew his license.
- Mr. Lytle pay the Division's costs of \$2,389.87.

President Krueger moved that in case number 2018-1555 AP19.018,S that Darren S. Lytle's license A.0003642-CR be revoked and that he pay the Division's costs of \$2,389.87 payable within six months. Seconded by Gandy. Motion carried.

4) Discussion and possible action regarding respondent's petition for reconsideration to be a supervisory appraiser pursuant to NAC 645C.108(1)(d)

NRED v. Artak Hovhannisyan

License No. A.0007853-CR (Active)

Parties Present

Artak Hovhannisyan was present.

Jaye Lindsay was present.

Mr. Hovhannisyan stated that reading NAC 645C.108(1)(d) it states not receiving any disciplinary action within the immediately preceding three years that affects the ability of the supervisory appraiser to engage in the practice of appraisal. Mr. Hovhannisyan stated that he had some errors in an appraisal report and completed the Appraisal Advisory Review Committee's (AARC) education recommendations, but his discipline did not affect his ability to engage in the practice of appraisal and he would like the Commission to reconsider him being a supervisory appraiser.

Jaye Lindsay stated that the regulation in this matter is a little vague, and all discipline is reported to the National Registry whether discipline affects his license or not. Ms. Lindsay stated that Mr. Hovhannisyan did complete the education recommended by AARC.

President Krueger stated that interpreting the regulation as written, this disciplinary action did not affect the supervisory appraiser to engage in the practice of appraisal.

Commissioner Gandy stated that the vagueness of the regulation makes it seem more like a suspension of license is the intent.

Commissioner Wright stated that the client may see a disciplinary action on the national registry and not retain the appraiser to do work, but that does not restrain the ability of the appraiser to do the work.

Commissioner O'Brien stated that although Mr. Hovhannisyan's findings through AARC might be on the lighter side, this could potentially create a precedence to open all disciplinary actions, and the Commission would be in the gray area of always mediating this issue. Commissioner O'Brien stated that he reads the intent of the regulations as an appraiser not having an intern within three years after discipline.

President Krueger stated that he also reads the intent of the regulation as an appraiser not having an intern within three years after discipline. President Krueger stated that he would like to see the wording of the regulation changed for clarification.

Commissioner Wright stated that he is reading intent into this regulation that the Commission wanted to make sure that appraisers supervising interns were teaching them appropriately. Commissioner Wright stated that he remembers Mr. Hovhannisyan appearing before AARC and that the issue was more documentation and not the adjustments themselves, and since Mr. Hovhannisyan has completed the education that was required, the issues should have been corrected.

President Krueger moved to approve Artak Hovhannisyan's petition to be a supervisory appraiser pursuant to NAC 645C.108(1)(d). Seconded by Commissioner Wright. Motion carried 4-1 with Commissioner O'Brien opposed.

5) Discussion and possible action regarding respondent's petition for reconsideration of due date for ordered education

NRED v. Michelle E. Lapadu

Case No. 2018-1363 AP19.005.S

License No. A.0006848-CR (Active)

Parties Present

Michelle Lapadu was present.

Ms. Lapadu stated that she was requesting an extension of her due date for continuing education that was ordered by the Commission for her case number 2018-1363. Ms. Lapadu stated that she looked through the classes and could not find the exact names of the some of the ordered courses but took what she thought was appropriate and when turning in her certificates, she was informed that certain classes would not be accepted toward the ordered education. Ms. Lapadu stated that the ~~twenty~~20-hour course that she is required to complete is an approved course through a couple of different sponsors but not currently being offered at this time.

Ms. Lindsay stated that she was not aware that the 20-hour course was no longer available because it is approved until May 31, 2022, and the 7-hour course is approved until July 31, 2022.

Commissioner O'Brien stated that there is an on-line Luxury Home Appraiser Certification course that is only fourteen hours but not twenty hours.

Commissioner O'Brien moved to approve Michelle Lapadu's petition for reconsideration of the due date for her education and offer a 90-day extension for the education and allow the 14-hour Luxury Home Appraiser Certification course through McKissock or any other approved provider in the state of Nevada to be substituted for the 20-hour class previously stipulated. Seconded by Commissioner Wright. Motion carried.

6-A) Discussion and possible action regarding Appraisal Advisory Review Committee informal conference recommendations:

NRED v. Chukwunweike E. Udom, for possible action

Case Nos. 2020-188 AP20.032.S

License No. A.0007374-CR (Active)

Parties Present

Chukwunweike Udom was not present.

Jaye Lindsay, Appraisal Program Manager was present.

Ms. Lindsay read the Committee report into the record.

Commissioner Wright moved that in the case of NRED v. Chukwunweike Udom case number 2020-188 AP20.032.S. to approve the stipulation for settlement of disciplinary action and give the Real Estate

Division the ability to make minor modification based upon course availability as long as the total hours are not less than what is included in the stipulation. Seconded by Commissioner Gandy. Motion carried.

7-A) Discussion regarding the Administrator's Report on Division updates.

Mr. Chandra congratulated Commissioners Wright and Ivey on their appointments and welcomed them to the Commission. Mr. Chandra stated that the Division is anticipating a proposed regulation change for appraisal and the experience requirements is something that really needs to be reviewed and aligned to the national standards with the goal of increasing the pool of appraisers and make the profession accessible. Mr. Chandra stated that the Division is close to choosing a vendor for the new licensing software that will make the licensing process seamless and accessible online, as well as contemplating the importance of having a licensing presence in Northern Nevada for licensees. Mr. Chandra stated that there is some movement toward the goal for the Division to become self-funded with a new model where part of the revenue that the Division generates can be kept with the Division and used to better service the licensees.

7-B) Discussion regarding the Disciplinary Report.

Shareece Bates presented this report. The Commission was provided with the report in the meeting packet.

7-C) Discussion regarding the Appraisal Officer's Report on compliance case load.

Jaye Lindsay presented this report. The Commission was provided with the report in the meeting packet.

7-D) Discussion and action to approve the minutes of the January 25, 2022 meeting.

Commissioner O'Brien moved to approve the minutes from the January 25, 2022 meeting. Seconded by Commissioner Gandy. Motion carried with two abstentions from Commissioners Ivey and Wright because they were not part of the Commission during the January 25, 2022 meeting.

7-E) Discussion regarding The Appraisal Foundation's program Practical Applications of Real Estate Appraisal (PAREA).

Ms. Lindsay stated the Commission has had two previous presentations on PAREA by The Appraisal Institute and Clear Capital and the Commission should discuss the possibilities of adopting PAREA at some point and if so, at what percentage PAREA would be accepted for experience.

Commissioner O'Brien stated that PAREA can be used as a tool in addition to and support of the supervisory appraiser with training, but he is against PAREA replacing experience as a whole. Commissioner O'Brien stated that PAREA is being referenced as a way to standardize training so there is no bias or discrimination. Commissioner O'Brien stated that the quick and easy path is to take a giant auditorium of people, put them through PAREA and then we have lots of new appraisers, but that is not the solution. Commissioner O'Brien stated that he would like to see PAREA adopted as a tool but not in lieu of experience.

President Krueger stated that he agreed that there is no substitute for the experience aspect and PAREA could be a tool to help the process.

Mr. Chandra stated that when the regulation workshop is held the Division will put together proposed regulation changes and the Division's position with PAREA and whether agree or disagree, the Commission will have a discussion and consider a standard but careful not to create complicated requirements that add confusion in the marketplace and to the Division that end up as cases in front of the Commission.

Commissioner Gandy stated that the presentations opened his acceptance to the possibility of PAREA as some experience, but he still questions if PAREA is still in the process of being built or if it is ready to launch.

Mr. Chandra stated that there will be plenty of PAREA providers and the providers need allowance from Commissions at a level of acceptance they would be comfortable. Mr. Chandra stated that at some point, the Commission will need to consider PAREA and decide at what level it will be accepted because it cannot be ignored.

Commissioner Wright stated that he does not know anything about PAREA but has been concerned for a long time about the appraisal profession and the barriers to entry. Commissioner Wright stated that on the commercial side, it is two years before an intern becomes productive and that is a large financial obligation on the part of the supervising appraiser. Commissioner Wright stated that with most other professions there is an educational process where you become fully trained from an educational standpoint, but in the appraisal profession you come with a baseline and then receive practical training at the same time as your licensing training. Commissioner Wright stated that anything that could be done to begin the education process earlier to have an intern more trained when they come before a supervisor would be great framework that would be more productive and allow more people to enter the profession.

President Krueger stated that it has always been a concern that the appraisal industry is an aging profession and in his thirty years in the industry he can count on one hand potential interns that have contacted him, so where does the barrier to entry fall.

Commissioner O'Brien stated that he would like to see interns get the fundamentals under their belt but does not agree with 100% replacement for experience. Commissioner O'Brien stated that appraisal is more than working through problem statements along with everything else that is worked through on a day-to-day basis. Commissioner O'Brien stated that there is a space for PAREA, but the goal needs to be identified whether it is to diversify the appraisal population and bring in a ton of new appraisers to flood the market or to change the model of how interns and supervisors work together.

Commissioner Gandy stated that an intern approaching a supervisor after completing PAREA would be a benefit, but there needs to be some practical application with a supervisory appraiser. Commissioner Gandy stated that PAREA cannot supplant everything in the process, but it can make a big difference and more appealing to take on an intern.

President Krueger stated that the two-year period before someone can run a quality report takes time and effort to get through the process.

Commissioner Ivey stated that over the course of his appraising career and taking on six interns, none of the interns finished the process, because they wanted success to happen instantly.

Mr. Chandra stated there will be an agenda item for a future meeting with general topics to be considered for changes in regulation and at that time the Commission will vote on those topics to be changed and then a draft with proposed regulation changes will be presented for a workshop.

7-F) Discussion and action to approve the applications for the Appraisal Advisory Review Committee members pursuant to NAC 645C.600.

1. Barbara Twarowska – License No. A.0208277-CR

President Krueger moved to approve the application. Seconded by Commissioner O'Brien. Motion carried.

8) Discussion and decision on date, time, place and agenda items for upcoming meeting(s).

➤ July 12-14, 2022

9) Public Comment

Anthony Wren stated that he had submitted written public comment to the Commission. Mr. Wren stated that any person acting in the compacity of an appraiser needs to be licensed or certified by the State, and unfortunately courses are being approved and promoted that are suggesting that anyone can do inspections. Mr. Wren stated that he would suggest that the Commission put an action item on their next agenda to discuss what steps can be taken to curtail this happening.

Scott DiBiasio with The Appraisal Institute in Washington D.C. stated that he appreciated the Commission's discussion today to look at the experience hours. Mr. DiBiasio stated that Nevada is one of only six states that has not fully implemented the 2018 criteria that lowered the number of experience hours which is one of the barriers to entry into the appraisal profession in Nevada. Mr. DiBiasio stated that The Appraisal Institute will participate as part of the workshop on this topic as well as the topic of PAREA. Mr. DiBiasio stated that he understands the Commission's trepidations with PAREA and not wanting to jump in until seeing PAREA products that come into the marketplace. Mr. DiBiasio stated that the rule making process takes quite a bit of time before it is finalized, and time is of the essence to make sure providers have regulatory certainty on day one as it relates to PAREA. Mr. DiBiasio stated that there are now thirty states that have fully accepted PAREA as an alternative to the traditional supervisor/trainee requirement with 100% of the experience that is required for the licensed residential and certified residential credentials through completion of an AQB approved PAREA program. Mr. DiBiasio stated that California and Kansas have accepted PAREA to satisfy only 50% of the experience requirement but are now revisiting that decision. Mr. DiBiasio stated that an appraiser going through a PAREA program will come out a better trained appraiser than what we have with the supervisor/trainee model because PAREA will expose aspiring appraisers to multiple types of properties, assignments, and scenarios.

10) ADJOURNMENT

The meeting adjourned at 12:25 p.m.

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The meeting was called to order at 9:03 a.m.

1-A) Introduction of Commissioners in attendance

Scott Krueger, Timothy O'Brien, Larry Michael Gandy, John Ivey, John Wright, and Deputy Attorney General Asheesh Bhalla sitting as Commission Counsel.

1-C) Introduction of Division staff in attendance

Sharath Chandra, Administrator; Charvez Foger, Deputy Administrator; Shareece Bates, Administration Section Manager; Jaye Lindsay, Appraisal Program Manager; Nick Lazzarino, Compliance Audit Investigator; and Kelly Valadez, Commission Coordinator.

Deputy Attorney General Louis Csoka was present representing the Division.

2) Public Comment

None.

**3-I) NRED v. Adrienne L. Wagner, for possible action
Case No. 2020-246 AP20.033.S
License No. A.0207156-CR (Inactive)**

Parties Present

Adrienne Wagner was present.

Deputy Attorney General Louis Csoka was present representing the Division.

Preliminary Matters

Mr. Csoka asked that the notice of documents be admitted into evidence as State's exhibit 1.

Ms. Wagner stated that she had no objection to the admission of the notice of documents.

President Krueger moved to admit the notice of documents into the record. Seconded by Commissioner O'Brien. Motion carried.

Opening Statements

Mr. Csoka gave his opening statement.

Ms. Wagner gave her opening statement.

State's Witness

Jaye Lindsay testified.

Ms. Wagner had no questions for Ms. Lindsay.

The Commission questioned Ms. Lindsay. (did Louis question Jaye as his witness?)

Ms. Wagner stated her case.

Mr. Csoka questioned Ms. Wagner.

Mr. Csoka questioned Ms. Lindsay as a rebuttal witness.

The Commission questioned Ms. Lindsay.

The witness was dismissed.

The Commission questioned Ms. Wagner.

Closing Statements

Mr. Csoka gave his closing statement.

Ms. Wagner gave her closing statement.

Factual Allegations

President Krueger moved that factual allegation 1-6 have been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger read factual allegation 8 into the record.

President Krueger stated that there was no testimony regarding the developer's business model and how it relates to the market value of a transaction.

Commissioner Wright stated that he agreed with President Krueger.

President Krueger moved that factual allegation 8 has not been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger read factual allegation 9 into the record.

Commissioner O'Brien stated he had questions to ask the respondent regarding this allegation, but the respondent refused to answer. Commissioner O'Brien stated that in the report the home is described as multi-level as a style and based on the information provided by the State and lack of response from the respondent, this allegation has been proven.

President Krueger moved that factual allegation 9 has been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger read factual allegation 10 into the record.

President Krueger stated that there was no testimony regarding this allegation.

Commissioner O'Brien stated that there is nothing stated in the Standard 3 Review, which would make the allegation proven.

Commissioner O'Brien moved that factual allegation 10 has not been proven. Seconded by President Krueger. Motion carried 4-1 with Commissioner Gandy opposed.

President Krueger read factual allegation 11 into the record.

Commissioner O'Brien stated that this is noted in the Standard 3 Review several times and he had questions for the respondent, but Ms. Wagner chose not to answer.

Commissioner Wright stated that he feels Ms. Wagner did address something because she did say that in her opinion the difference was that the contemporary homes that were comparables had extensive view which made them less comparable than the style differential. Commissioner Wright stated that he has a problem with a lot of the statements in the Standard 3 Review because there is no supporting data.

President Krueger stated that in Ms. Wagner's response, she did not address the differences between contemporary and Mediterranean but indicated the differences were in view amenity.

Commissioner Gandy stated that he understands what Commission Wright is saying but a Standard 3 Reviewer's obligation is to refute and provide supporting data, and even though the Standard 3 Review did not explicitly point it out, it falls to the respondent in the defense, and it was not defended or presented in the report, so assumptions will happen considering the preponderance of data.

Commissioner O'Brien moved that factual allegation 11 has been proven. Seconded by Commissioner Gandy. Motion carried 4-1 with Commissioner Wright opposed.

President Krueger read factual allegation 12 into the record.

Commissioner O'Brien stated that the grid lists them all as multi-level not as contemporary or Mediterranean and since each item was noted as the same, the appraisal is considering them all as the same. Commissioner O'Brien stated that he wanted to ask the respondent, but she refused to answer.

Commissioner Gandy moved that factual allegation 12 has been proven. Seconded by President Krueger. Motion carried.

President Krueger read factual allegation 13 into the record.

President Krueger stated that it was clearly shown that there were no adjustments.

Commissioner O'Brien stated that Ms. Wagner did say that the effective ages were similar, but there was no validation in the work file or explanation in the report.

Commissioner Gandy stated that there were no style or age adjustments applied.

Commissioner Gandy moved that factual allegation 13 has been proven. Seconded by President Krueger. Motion carried.

President Krueger read factual allegation 14 into the record.

Commissioner O'Brien stated that allegation 15 is similar regarding the respondent making any adjustments and there were no adjustments on the appraisal report.

President Krueger stated that allegations 16 and 17 also deal with adjustments.

President Krueger read factual allegation 15-17 into the record.

Commissioner Gandy moved that those factual allegations 14-17 have been proven. Seconded by Commissioner Wright. Motion carried.

President Krueger read factual allegation 18 into the record.

President Krueger stated that the land sale value was nine years prior to the date of value, so not only relevance but USPAP does not require that type of sales history discussion.

Commissioner O'Brien stated that Ms. Wagner went above the minimum requirements of USPAP by reporting the 2011 sale, when USPAP only requires analysis for the past three years.

Commissioner O'Brien moved that factual allegation 18 has not been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger read factual allegation 19 into the record.

Commissioner O'Brien stated that additional cash sales were provided, and the respondent did provide reasons for not considering them other than just being cash sales but does her work file support looking at all cash sales.

Commissioner Gandy stated that Ms. Wagner does make general comments but is it enough.

Commissioner O'Brien moved that factual allegation 19 has been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger read factual allegation 20 into the record.

Commissioner Gandy stated that he lives in the Seven Hills community and knows there are custom lots available and land sales that can be extracted.

Commissioner O'Brien stated that the respondent said that there were no lands sales currently available, but the USPAP review stated that there were twenty-eight available land sales, and no response was given to those land sales by the respondent. Commissioner O'Brien stated that this was one of the questions that he wanted to ask the respondent, but she refused to answer.

Commissioner O'Brien moved that factual allegation 20 has been proven. Seconded by President Krueger. Motion carried.

President Krueger read factual allegation 21 into the record.

Commissioner Gandy moved that factual allegation 21 has been proven. Seconded by President Krueger. Motion carried.

President Krueger read factual allegation 22 into the record.

Commissioner Gandy stated that the adjustment made is not credible for the view, and the respondent made a quantitative golf-view adjustment in lieu of a lot of other quantitative adjustments that could have been made.

Commissioner Gandy moved that factual allegation 22 has been proven. Seconded by President Krueger. Motion carried.

President Krueger read factual allegation 23 into the record.

Commissioner Wright stated that the respondent used the Marshall Valuation Service Cost Handbook and not the on-line information, but the base costs in the handbook are only updated on a rotating basis and there are multipliers.

Commissioner Gandy stated that he has not seen anything where the respondent cited the local and national costs multipliers.

President Krueger stated that there was nothing indicated in the review that proved that there should have been an adjustment for the quarterly multipliers.

Commissioner Wright moved that factual allegation 23 has not been proven. Seconded by President Krueger. Motion carried.

President Krueger read factual allegation 24 into the record.

Commissioner O'Brien stated that this is more a statement as opposed to saying whether something was right or wrong.

President Krueger moved that factual allegation 24 has been proven. Seconded by Commissioner Wright. Motion carried.

President Krueger read factual allegation 25 into the record.

Commissioner Wright stated that there is a difference of cost classification between very good quality and excellent quality.

Commissioner O'Brien moved that factual allegation 25 has been proven. Seconded by Commissioner Wright. Motion carried.

President Krueger read factual allegation 26 into the record.

Commissioner Wright stated that there has been no testimony one way or the other regarding the cost information being understated.

Commissioner Gandy stated that he agrees with Commissioner Wright, but the only thing he sees regarding the costs work file data is the base costs of the residence.

Commissioner O'Brien moved that factual allegation 26 has not been proven. Seconded by President Krueger. Motion carried 4-1 with Commissioner Gandy opposed.

President Krueger read factual allegation 27 into the record.

President Krueger moved that factual allegation 27 has been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger read factual allegation 28 into the record.

Commissioner Wright stated that he did not see anything in the report that addresses the quality and quantity of data other than the respondent's statement of not being able to find any sales of contemporary houses without view amenities.

Commissioner O'Brien stated that although it was stated generically in the review, this was not introduced by the State and the allegation is overlapping and not a clear statement.

Commissioner O'Brien moved that factual allegation 28 has not been proven. Seconded by President Krueger. Motion carried 3-2 with Commissioners Wright and Gandy opposed.

President Krueger read factual allegation 29 into the record.

Commissioner Gandy stated that this allegation has been proven.

Commissioner O'Brien stated that the no land sales being currently available could have skewed the cost approach and the reconciliation.

Commissioner Gandy moved that factual allegation 29 has been proven. Seconded by Commissioner Wright. Motion carried.

Commissioner Wright moved that factual allegation 7 has been proven. Seconded by Commissioner O'Brien. Motion carried.

Violations of Law

President Krueger stated that the first violation deals with the Record Keeping Rule.

Commissioner Wright stated that there is insufficient analysis to support the adjustments made on the sales grid. Commissioner Wright stated that you can prove the lack of adjustment as well as an adjustment.

Commissioner O'Brien stated that there were several adjustments missing.

President Krueger moved that the first violation of law has been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger stated that the second violation deals with the Competency Rule.

President Krueger stated that he understands the lack of credibility of the golf-view adjustment and the lack of the land sales but does not understand the relevance of failing to recognize the business model of the subject builder.

Commissioner O'Brien stated that, regarding the developer issue, with a new construction property where you are forced to use that developer, it is common practice to go outside the control of that developer to support market valuation, but that is irrelevant to this case. Commissioner O'Brien stated that when he looks at the overall competency, he cannot follow the respondent's reasoning in several elements and there was no defense provided by the respondent.

Commissioner Wright stated that there were so many issues with this report that he questions competency.

President Krueger moved that the second violation has been proven. Seconded by Commissioner Wright. Motion carried.

President Krueger stated that the third violation deals with Scope of Work Rule.

Commissioner Gandy stated that considering all the statements already made, the scope of work required more than was done.

Commissioner O'Brien stated that he wanted to ask the respondent questions regarding this violation, but with the limited defense and comments provided, he feels the scope was too narrow and impacted the assignment results.

Commissioner Wright stated that the respondent's focal point of her defense was that there was no harm done and the borrower received the loan, but whether the loan goes through or not is irrelevant to the process to produce a credible appraisal under USPAP and if that is not accomplished then the public's trust is violated.

Commissioner O'Brien moved that the third violation of law has been proven. Seconded by Commissioner Wright. Motion carried.

Commissioner O'Brien stated that with the fourth violation and some of the other violations, there is some overlap.

Commissioner Wright stated that he agrees that there is a lot of overlap because when any of the Standards Rules are violated, by definition, either the Record Keeping Rule, Ethics Rule, or both have been violated.

Commissioner O'Brien moved that because the respondent failed to recognize the contemporary home submarket the fourth violation has been proven. Seconded by Commissioner Wright. Motion carried.

Commissioner O'Brien stated that the fifth violation is the same as the fourth violation.

Commissioner Wright stated that he would disagree because he cannot point to a substantial error or omission and he does not think that it rises to a violation of Standards 1-1(b) but more a violation of 1-1(c), so the fifth violation was not proven. Commissioner Wright stated that in the review there is a comparison of statistical analysis of contemporary versus Mediterranean on unit prices and questions if it is a substantial error.

Commissioner O'Brien read Standards Rule 1-1(b) and the comment below the rule in USPAP. Commissioner O'Brien stated that substantial errors of omission did occur.

Commissioner Wright stated that he revises his stance based upon the explanatory comment that is part of USPAP.

President Krueger moved that the fifth violation of law has been proven. Seconded by Commissioner Gandy. Motion carried.

President Krueger stated that there had already been ample discussion regarding the sixth violation.

Commissioner O'Brien read Standards Rule 1-1(c) into the record.

President Krueger moved that the sixth violation of law has been proven. Seconded by Commissioner Wright. Motion carried.

President Krueger read the seventh violation into the record.

President Krueger stated that this violation has overlap with other violations.

Commissioner Wright moved that the seventh violation of law has been proven. Seconded by President Krueger. Motion carried.

President Krueger read the eighth violation into the record.

President Krueger stated that this violation deals with the differences between contemporary and Mediterranean and none of the comparables were contemporary and no adjustment was made or analyzed for the difference.

Commissioner Wright stated that he would have expanded this to include gross living area and lot size.

Commissioner Wright moved that the eighth violation of law has been proven. Seconded by Commissioner O'Brien. Motion carried.

President Krueger read ninth violation into the record.

Commissioner O'Brien stated that he wanted to ask the respondent questions regarding this because he believes that excellent on the appraisal is a typographical error due to the information in the work file but because the respondent refused to answer questions, he must take it at face value.

President Krueger stated that he questions if the cost approach was necessary to develop credible assignment results.

Commissioner Gandy stated that he agrees that it was not necessary to render credible results.

Commissioner Wright stated that it might not have been necessary to establish market value, but the assignment results determined by the scope of work that is agreed to by the client and the appraiser might have gone beyond strictly a market value estimate and anything that is done within the scope of work has to be done credibly. Commissioner Wright stated the if a client's assigned condition was to develop a cost approach, then the appraiser must develop it competently even if it is not necessary.

President Krueger stated that there was no testimony offered that the cost approach was a requirement.

Commissioner O'Brien stated that USPAP requires all three methods to be developed unless the appraiser explains why they were not developed, so since the appraiser chose to develop the cost approach, it is irrelevant if it was necessary, but it was not done credibly.

Commissioner Wright moved that the ninth violation of law has been proven. Seconded by Commissioner O'Brien. Motion carried.

President Krueger stated that the tenth violation deals with Standards Rule 1-6(a) and 1-6(b).

Commissioner O'Brien stated that the factual allegation that corresponds to the tenth violation was not proven.

Commissioner Wright moved that the tenth violation of law has not been proven. Seconded by Commissioner O'Brien. Motion carried.

President Krueger stated that the eleventh violation deals with Standards Rule 2-1(a).

Commissioner O'Brien stated that with the missing adjustments, the potential of not considering other contemporary homes, incorrect adjustments, and the respondent's cash sales statement makes her report potentially misleading because the information is not supported in the appraisal or in the work file.

Commissioner Wright stated that he agrees and for the respondent to draw a conclusion in Standard 2 that was not part of the Standard 1 analysis is misleading.

Commissioner O'Brien moved that the eleventh violation of law has been proven. Seconded by President Krueger. Motion carried.

President Krueger read the twelfth violation into the record.

Commissioner O'Brien stated that the appraisal that was developed states that there is no difference between contemporary and Mediterranean homes but there has been no data or testimony presented to refute the State's claim that this statement is incorrect.

Commissioner Wright stated that he agrees that there is a lack of sufficient information and if the analysis was done proving there was no difference, then the analysis needs to be in the appraisal report. Commissioner Wright stated that on the surface there is a difference between the subject and the comps so the intended user needs to know whether a mistake was made or if the work was done and can be proven that no adjustments were warranted.

President Krueger moved that the twelfth violation of law has been proven. Seconded by Commissioner Wright. Motion carried.

President Krueger read the thirteenth violation into the record.

Commissioner Wright stated that there was no factual allegation regarding highest and best use.

President Krueger stated that in the report there is a statement regarding highest and best use but no summary.

Commissioner O'Brien stated that the appraiser's first sentence is the statement, and the second sentence is the summary. Commissioner O'Brien stated that Ms. Wagner has met the bare minimum of Standards Rule 2-2(a)(x).

Commissioner Wright moved that the thirteenth violation of law has not been proven. Seconded by Commissioner O'Brien. Motion carried.

Division's Recommendations

Jaye Lindsay presented:

- Revocation of Ms. Wagner's license
- Division's fees and costs of \$3,646.14

Commissioner O'Brien stated that technically Ms. Wagner could be subjected to close to \$100,000 in fines for the violations, but there is overlap in some of the violations and Ms. Wagner has indicated that she no longer wants to practice. Commissioner O'Brien stated that he agrees with the Division that no fines be recommended because the ultimate fine would be the revocation of Ms. Wagner's license.

Commissioner Wright stated that he would like to see Ms. Wagner also complete the education that was recommended by the Appraisal Advisory Review Committee (AARC) during her conference.

Commissioner Gandy stated that he does not see the point of revoking a license and requiring education. Commissioner Gandy stated that revocation of Ms. Wagner's license and the Division's fees and costs seems reasonable.

Commissioner Wright stated that the reason he suggests the education is because Ms. Wagner has indicated that she has no way to make a sufficient living to pay any fines or costs imposed and by taking the education it would give her an avenue without having to go through the whole licensing process again and correct the training as opposed to revocation.

Commissioner O'Brien stated that the purpose of participating in AARC is to receive education and Ms. Wagner chose not to do that. Commissioner O'Brien stated that today a settlement was presented, and Ms. Wagner's argument was that she does not want anything reported to the Appraisal Subcommittee. Commissioner O'Brien stated that every step that was available to Ms. Wagner was either dismissed, argued, or not respected and at this point revocation must exist.

President Krueger stated that he agrees with Commissioner O'Brien and that no fines should be added.

President Krueger moved that in the case of NRED v. Adrienne Wagner, license number A.0207156-CR, case number 2020-246 AP20.003.S the respondent's license be revoked for one year from the effective date of the order and that she pay the Division's costs in the amount of \$3,646.14 within 3 years. Seconded by Commissioner Gandy. Motion carried.

9) Public Comment

None.

10) ADJOURNMENT

The meeting adjourned at 1:55 p.m.

Minutes Prepared by: _____
Kelly Valadez, Commission Coordinator