

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,

8   Petitioner,

9 vs.

10 DARREN S. LYTLE  
11 (License No. A.0003642-CR),

12   Respondent.

Case No. 2018-1555, AP19.018.S

**COMPLAINT AND NOTICE OF  
HEARING**

**FILED**

**MAR 21 2022**

NEVADA COMMISSION OF APPRAISERS

*Kesey Valadez*

13           State of Nevada, Department of Business and Industry, Real Estate Division (“the  
14 Division”), by and through its counsel, Attorney General AARON D. FORD and Deputy  
15 Attorney General Louis V. Csoka, hereby notifies DARREN S. LYTLE (“Respondent”) of  
16 an administrative complaint and hearing which is to be held pursuant to Chapter 233B  
17 and Chapter 645C of the Nevada Revised Statutes (“NRS”) and Chapter 645C of the  
18 Nevada Administrative Code (“NAC”). The purpose of the hearing is to consider the  
19 allegations stated below and to determine if the Respondent should be subject to a  
20 disciplinary penalty as set forth in NRS 645C and or NAC 645C, if the stated allegations  
21 are proven at the hearing by the evidence presented.

22   **JURISDICTION**

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

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## PROCEDURAL HISTORY

1  
2 1. On or about November 2, 2018, the Division received a complaint/statement  
3 of fact from Rosalio Rivera (collectively, the "Complainant"), asserting that the  
4 Respondent completed a uniform residential appraisal report ("Appraisal Report"), which  
5 had improperly undervalued a home that Complainant was attempting to refinance.

6 2. The Division commissioned a Standard 3 Review of the underlying appraisal  
7 performed by the Respondent.

8 3. On June 23, 2020, the Appraisal Advisory Review Committee ("AARC") held  
9 a meeting relative to the Complaint, finding that Complaint was meritorious and that the  
10 Respondent had committed a series of violations of the Uniform Standards of Professional  
11 Appraisal Practice ("USPAP").

12 4. On July 16, 2020, based on Respondent's stated desire to resolve the matter,  
13 the Division sent a Stipulation for Settlement of Disciplinary Action to Respondent (the  
14 "Stipulated Agreement"), to terminate the Complaint matter.

15 5. On August 17, 2020, the Stipulated Agreement was returned to the Division  
16 undelivered, stating vacant and unable to forward.

17 6. Since that time, the Division made several further attempts to contact the  
18 Respondent and deliver the Stipulated Agreement.

19 7. However, each follow up e-mail to Respondent's e-mail address on file with  
20 the Division went unanswered, each follow up call to Respondent's telephone number on  
21 file with the Division was unsuccessful and no message could be left (with Respondent's  
22 recording indicating that "voice mailbox full"), and each attempt to mail to address on file  
23 with Division apparently not delivered.

24 8. At the same time, while Respondent was aware that Stipulated Agreement  
25 would be coming from the Division, he also did not further follow up with the Division.

26 9. Accordingly, the Division requested that this matter be heard by the  
27 Commission.

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1 **FACTUAL ALLEGATIONS**

2 1. The Respondent is licensed by the Division as a Certified Residential  
3 Appraiser, License No. A.0003642-CR.

4 2. The Respondent's Appraisal Report was prepared for a single-family  
5 residence located at 5251 Elgin Circle, Las Vegas, Nevada 89122, APN 161-28-613-010  
6 ("Property").

7 3. The gross living area of the Property recorded as 1,506 square feet.

8 4. The assignment type is identified as "Purchase Transaction," and the  
9 lender/client is identified as "Home Funding Corporation."

10 5. The effective date of Respondent's Appraisal Report is identified as  
11 September 11, 2018, and the signature date is September 12, 2018.

12 6. The Respondent's Appraisal Report states the appraised value is \$  
13 214,000.00.

14 7. Respondent's Appraisal Report, however, is deficient in several respects.

15 8. First, while Respondent applied adjustments for site area, condition,  
16 bathroom count, gross living area, carport and other features in his Appraisal Report,  
17 Respondent's associated work file contains no information as to indicate how such  
18 adjustments were actually developed and quantified.

19 9. Second, while Respondent's Appraisal Report asserts that vacant land  
20 comparables were researched, Respondent's associated work file includes no supporting  
21 data or analysis regarding any such comparable land sites.

22 10. Third, while Respondent's Appraisal Report states that the source of the cost  
23 data for the cost approach is Marshall and Swift, the associated work file includes no  
24 supporting information or analysis whatsoever, regarding the replacement cost developed  
25 by any method, including any Marshall and Swift cost analysis.

26 11. Fourth, while Respondent's Appraisal Report states the "as is" value of site  
27 improvements is \$ 4,000.00, the Appraisal Report and associated work file does not  
28 contain supporting information or analysis regarding such site improvement value

1 estimate stated.

2 12. Fifth, Respondent also fails to state in its cost approach what items are  
3 specifically included with the "as is" value of such site improvements.

4 13. Sixth, while Respondent's Appraisal Report states that property values are  
5 increasing with some general support for the same, the Appraisal Report does not  
6 reconcile such reasoning with any date of sale/time adjustments and contains no  
7 commentary as to why such adjustments were not completed.

8 14. Given such insufficient analysis and support relative to any relevant  
9 date/time analysis, the sales comparison approach is ultimately not credible.

10 15. Seventh, while the comparable listings in Respondent's Appraisal Report  
11 include adjustments for garage/carport, such adjustment are not consistent with similar  
12 adjustments applied to comparable sales.

13 16. Eighth, the Appraisal Report and associated work file do not contain  
14 evidence of any analysis (paired sales, statistical analysis, cost data) which would support  
15 any such adjustment made, or not made.

16 17. Ninth, the Respondent's associated work file contains no evidence of site  
17 value calculations.

18 18. Tenth, the Respondent's associated work file contains no supporting  
19 information or analysis regarding the replacement cost developed.

20 19. Eleventh, while Respondent checked the box in his Appraisal Report  
21 indicating the highest and best use of the Property is its present use, Respondent failed to  
22 summarize the rationale and support for such analysis, including relevant property  
23 characteristics.

24 20. Twelfth, the Respondent merely stating that the cost approach was  
25 developed and the income approach was not developed, while relying on a sales  
26 comparison approach for its own conclusions, is not an acceptable reconciliation without  
27 additional explanation.

28 21. In particular, there is no evidence in the report which adequately explains

1 the ultimate exclusion of the cost approach and income approach.

## 2 VIOLATIONS OF LAW

3 The Respondent failed to prepare the appraisal report for the Property in  
4 Compliance with the Standards of the Appraisal Foundation. These Standards are  
5 published in the Uniform Standards of Professional Appraisal Practice ("USPAP")  
6 adopted by the Appraisal Standards Board of the Appraisal Foundation, as authorized by  
7 Congress, and adopted in Nevada by NAC 645C.400.

### 8 First Violation

9 The USPAP RECORD KEEPING RULE requires that an appraiser must prepare a  
10 work file for each appraisal review assignment. The work file must be in existence prior to  
11 the issuance of any report or other communication of assignment results. The work file  
12 must include true copies of all written reports along with all other data, information, and  
13 documentation necessary to support the appraiser's opinions and conclusions and to show  
14 compliance with USPAP, or references to the location(s) of such other data, information,  
15 and documentation.

16 The Respondent violated USPAP RECORD KEEPING RULE by failing to have in  
17 his associated work file (1) data or analysis regarding any comparable vacant land sites,  
18 (2) information as to indicate how certain adjustments for several features were actually  
19 developed and quantified, (3) supporting information or analysis regarding the  
20 replacement cost developed by any method, including any Marshall and Swift cost  
21 analysis, and (4) supporting information or analysis regarding the stated and assumed  
22 "as is" value of site improvements, which are stated to be \$ 4,000.00.

23 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for  
24 disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or  
25 (b).

### 26 Second Violation

27 USPAP Standards Rule 1-1(a) requires that in developing a real property  
28 appraisal, an appraiser must: (a) be aware of, understand, and correctly employ those

1 recognized methods and techniques that are necessary to produce a credible appraisal.

2 The Respondent violated USPAP Standards Rule 1-1(a), as codified in NAC  
3 645C.405(1), by (1) failing to reconcile in his Appraisal Report the statement that  
4 property values are increasing with any date of sale/time adjustments, thereby rendering  
5 his sales comparison approach ultimately not credible, (2) having adjustments for  
6 garage/carport inconsistent with similar adjustments applied to comparable sales, and (3)  
7 failing to provide evidence of any analysis (paired sales, statistical analysis, cost data)  
8 which would support several adjustments made, or not made.

9 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for  
10 disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or  
11 (b).

### 12 **Third Violation**

13 USPAP Standards Rule 1-1(b) requires that in developing a real property  
14 appraisal, an appraiser must: (b) not commit a substantial error or omission or  
15 commission that significantly affects the appraisal.

16 The Respondent violated USPAP Standards Rule 1-1(b), as codified in NAC  
17 645C.405(1), by (1) failing to reconcile in his Appraisal Report the statement that  
18 property values are increasing with any date of sale/time adjustments, thereby rendering  
19 his sales comparison approach ultimately not credible, (2) having adjustments for  
20 garage/carport inconsistent with similar adjustments applied to comparable sales, and (3)  
21 failing to provide evidence of any analysis (paired sales, statistical analysis, cost data)  
22 which would support several adjustments made, or not made.

23 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for  
24 disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or  
25 (b).

### 26 **Fourth Violation**

27 USPAP Standards Rule 1-1(c) requires that an appraiser must not render services  
28 in a careless or negligent manner, such as by making a series of errors that, although

1 individually might not significantly affect the results of an appraisal, in the aggregate  
2 affects the credibility of those results.

3 The Respondent violated USPAP Standards Rule 1-1(c), as codified in NAC  
4 645C.405(1), by (1) failing to reconcile in his Appraisal Report the statement that  
5 property values are increasing with any date of sale/time adjustments, thereby rendering  
6 his sales comparison approach ultimately not credible, (2) having adjustments for  
7 garage/carport inconsistent with similar adjustments applied to comparable sales, and (3)  
8 failing to provide evidence of any analysis (paired sales, statistical analysis, cost data)  
9 which would support several adjustments made, or not made.

10 The Respondent's actions constitute professional incompetence pursuant to NRS  
11 645C.470(3) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or  
12 (b).

#### 13 Fifth Violation

14 USPAP Standards Rule 1-3(b) requires an appraiser to develop an opinion of the  
15 highest and best use of the property.

16 In violation of USPAP Standards Rule 1-3(b), while Respondent checked the box in  
17 his Appraisal Report indicating the highest and best use of the Property is its present use,  
18 Respondent failed to summarize the rationale and support for such analysis, including  
19 relevant property characteristics.

20 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for  
21 disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or  
22 (b).

#### 23 Sixth Violation

24 USPAP Standards Rule 1-4(a) states that in developing a real property appraisal,  
25 an appraiser must collect, verify, and analyze all information necessary for credible  
26 assignment results. When a sales comparison approach is necessary for credible  
27 assignment results, an appraiser must analyze such comparable sales data as are  
28 available and indicate a value conclusion.

1 Respondent violated USPAP Standards Rule 1-4(a), by (1) failing to reconcile in his  
2 Appraisal Report the statement that property values are increasing with any date of  
3 sale/time adjustments, thereby rendering his sales comparison approach ultimately not  
4 credible, (2) having adjustments for garage/carport inconsistent with similar adjustments  
5 applied to comparable sales, and (3) failing to provide evidence of any analysis (paired  
6 sales, statistical analysis, cost data) which would support several adjustments made, or  
7 not made.

8 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for  
9 disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or  
10 (b).

#### 11 **Seventh Violation**

12 USPAP Standards Rule 1-4(b) states that in developing a real property appraisal,  
13 an appraiser must collect, verify, and analyze all information necessary for credible  
14 assignment results. When a cost approach is necessary for credible assignment results, an  
15 appraiser must: (i) develop an opinion of site value by an appropriate appraisal method or  
16 technique.

17 In violation of USPAP Standards Rule 1-4(b), the Respondent's associated work file  
18 contains no evidence of site value calculations. Additionally, the Respondent's associated  
19 work file contains no supporting information or analysis regarding the replacement cost  
20 developed. Lastly, Respondent also fails to state in the cost approach what items are  
21 specifically included with the "as is" value of such site improvements.

22 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for  
23 disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or  
24 (b).

#### 25 **Eighth Violation**

26 USPAP Standards Rule 1-6(a) and (b) states that, in developing a real property  
27 appraisal, an appraiser must (a) reconcile the quality and quantity of data available and  
28 analyzed within the approaches used; and (b) reconcile the applicability and relevance of



1 the approaches, methods and techniques used to arrive at the value conclusions.

2 22. Respondent violated USPAP Standards Rule 1-6(b), as codified in NAC  
3 645C.405(1), by merely stating that the cost approach was developed and the income  
4 approach was not developed, while relying on a sales comparison approach for its own  
5 conclusions. This is not an acceptable reconciliation without additional explanation. In  
6 particular, there is no evidence in the report which adequately explains the ultimate  
7 exclusion of the cost approach and income approach.

8 The Respondent's actions constitute unprofessional conduct pursuant to NRS  
9 645C.470(2) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or  
10 (b).

### 11 **Ninth Violation**

12 USPAP Standards Rule 2-1(a) requires each written or oral real property appraisal  
13 report to set forth the appraisal clearly and accurately in a manner that will not be  
14 misleading.

15 The Appraisal Report is misleading and Respondent violated USPAP Standards  
16 Rule 2-1(a), by (1) failing to reconcile in his Appraisal Report the statement that property  
17 values are increasing with any date of sale/time adjustments, thereby rendering his sales  
18 comparison approach ultimately not credible, (2) having adjustments for garage/carport  
19 inconsistent with similar adjustments applied to comparable sales, and (3) failing to  
20 provide evidence of any analysis (paired sales, statistical analysis, cost data) which would  
21 support several adjustments made, or not made.

22 The Respondent's actions constitute unprofessional conduct pursuant to NRS  
23 645C.470(2) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or  
24 (b).

### 25 **Tenth Violation**

26 USPAP Standards Rule 2-2(a)(viii) requires that the appraiser summarize the  
27 information analyzed, the appraiser methods and techniques employed, and the reasoning  
28 that supports the analysis, opinions, and conclusions; exclusion of the sales comparison

1 approach, cost approach, or income approach must be explained.

2 23. Respondent violated USPAP Standards Rule 2-2(a)(viii), as codified in NAC  
3 645C.405(1), by the Respondent merely stating that the cost approach was developed and  
4 the income approach was not developed, while relying on a sales comparison approach for  
5 its own conclusions, is not an acceptable reconciliation without additional explanation.

6 In particular, there is no evidence in the report which adequately explains the  
7 ultimate exclusion of the cost approach and income approach.

8 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for  
9 disciplinary action, pursuant to Nevada Revised Statutes ("NRS") 645C.460(1)(a) and/or  
10 (b).

### 11 Eleventh Violation

12 USPAP Standards Rule 2-2(a)(x) requires when an opinion of highest and best use  
13 was developed by the appraiser, it must describe the support and rationale for that  
14 opinion.

15 In violation of USPAP Standards Rule 2-2(a)(x), as codified in NAC 645C.405(1),  
16 while Respondent checked the box in his Appraisal Report indicating the highest and best  
17 use of the Property is its present use, Respondent failed to summarize the rationale and  
18 support for such analysis, including relevant property characteristics.

19 The Respondent's actions constitute unprofessional conduct pursuant to NRS  
20 645C.470(2) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or  
21 (b).

### 22 DISCIPLINE AUTHORIZED

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

28 2. Additionally, under NRS Chapter 622.400, the Commission is authorized to

1 impose the costs of the proceeding upon the Respondent, including investigative costs and  
2 attorney's fees, if the Commission otherwise imposes discipline on the Respondent.

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

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

10 **THE HEARING WILL TAKE PLACE** at the Commission meeting scheduled  
11 for April 26th, 27th, and 28th, 2022, beginning at approximately 9:00 a.m. each  
12 day, or until such time as the Commission concludes its business.

13 The meeting will be located at the following locations:

14 Nevada State Business Center	<u>with Video Conferencing to:</u>
15 Real Estate Division	Department of Business & Industry
16 3300 West Sahara Avenue	1818 College Parkway
17 4 <sup>th</sup> Floor, Tahoe Room	Suite 103
Las Vegas, Nevada 89102	Carson City, Nevada 89706

18 If you would like an email containing this information, before the hearing,  
19 please contact Kelly Valadez, Commission Coordinator, at (702) 486-4606 or  
20 kvaladez@red.nv.gov.

21 **STACKED CALENDAR:** Your hearing is one of several hearings that may  
22 be scheduled at the same time as part of a regular meeting of the Commission  
23 that is expected to take place on April 26-28, 2022. Thus, your hearing may be  
24 continued until later in the day or from day to day. It is your responsibility to  
25 be present when your case is called. If you are not present when your case is  
26 called, a default may be entered against you, and the Commission may decide  
27 the case as if all allegations in the complaint were true. If you need to negotiate  
28 a more specific time for your hearing in advance, because of coordination with

1 out of state witnesses or the like, please call Kelly Valadez, Commission  
2 Coordinator, at (702) 486-4606.

3 YOUR RIGHTS AT THE HEARING: Except as mentioned below, the hearing is an  
4 open meeting under Nevada's open meeting Law (OML) and may be attended by the  
5 public. After the evidence and arguments, the Commission may conduct a closed meeting  
6 to discuss your alleged misconduct or professional competence. You are entitled to a copy  
7 of the transcript of the open and closed portions of the meeting, although you must pay for  
8 the transcription.

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


16 You have the right to request that the Commission issue subpoenas to compel  
17 witnesses to testify and/or evidence to be offered on your behalf. In making this request,  
18 you may be required to demonstrate the relevance of the witnesses' testimony and/or  
19 evidence. Other important rights you have are listed in NRS Chapter 645C, NRS  
20 Chapter 233B, and NAC Chapter 645C.

21 DATED the 18 day of March 2022.

DATED the 18th day of March 2022.

22  
23 NEVADA REAL ESTATE DIVISION

AARON D. FORD  
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