

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 STEVEN M. ORTEGA
11 (License No. A.0007017-CR),

12 Respondent.

Case No. 2019-906, AP20.006.S

**COMPLAINT AND NOTICE OF
HEARING**

FILED

JUN 09 2022

NEVADA COMMISSION OF APPRAISERS

Kelley Valadez

13 State of Nevada, Department of Business and Industry, Real Estate Division (“the
14 Division”), by and through counsel, Attorney General AARON D. FORD and Deputy
15 Attorney General Louis V. Csoka, hereby notifies STEVEN M. ORTEGA (“Respondent”)
16 of 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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1 **PROCEDURAL HISTORY**

2 1. On or about August 12, 2019, the Division received a complaint/statement of
3 fact from Suaune Myers (“Complainant”), asserting that the Respondent completed a
4 uniform residential appraisal report (“Appraisal Report”) which improperly undervalued
5 a home by omitting numerous amenities, including twenty two (22) solar panels. *See*
6 Division’s Exhibit (“D-EX”) at NRED 0001-0002; *see also* NRED 0008.

7 2. The Division commissioned a Standard 3 Review of the underlying appraisal
8 performed by the Respondent. *See* D-EX at NRED 0116.

9 3. Based on the result of that review, the Division determined that this matter
10 should be heard by the Nevada Commission of Appraisers of Real Estate (“Commission”).
11 *See id.*; *see also* NRED 0108-115.

12 4. Accordingly, the Division requested that this matter be heard by the
13 Commission. *See id.*

14 **FACTUAL ALLEGATIONS**

15 1. The Respondent is licensed by the Division as a Certified Residential
16 Appraiser, License No. A.0007017-CR. *See* D-EX NRED 0010.

17 2. The Respondent’s Appraisal Report was prepared for a single-family
18 residence located at 6346 Cascade Range Street, Las Vegas, Nevada 89149, APN 126-25-
19 112-004 (“Property”). *See* D-EX NRED 0024-0025.

20 3. The gross living area of the Property is recorded as 2638 square feet. *See id.*

21 4. The assignment type is identified as refinance transaction *See id.*

22 5. The effective date of Respondent’s Appraisal Report is identified as July 2,
23 2019, and the signature date is July 3, 2019. *See* D-EX NRED 0049.

24 6. The Respondent’s Appraisal Report states the appraised value is \$
25 440,000.00. *See id.*

26 7. Respondent’s Appraisal Report contains significant errors (*see* D-EX NRED
27 0108-0111), including the following:

28 8. The Respondent failed to include in his work file any data, information or

1 documentation to support those adjustments he made in his Appraisal Report relative to
2 location, site size, view, actual age, condition, room count, gross living area, energy-
3 efficient items, garage count, patio, and fireplace. *See* D-EX NRED 0109.

4 9. The Respondent also failed to include two (2) equally comparable and close
5 property sales in his report, sales which were very similar with similar floorplans, even
6 without providing any explanation whatsoever as to why they were being excluded. *See*
7 *id.*; *see also* D-EX NRED 0110.

8 10. The Respondent also failed to provide an explanation as to why price levels
9 were allegedly stable over twelve months, prior to the effective date of value, all the while
10 his Appraisal Report addendum references but does not explain why the price levels
11 increased, then decreased, in median prices for the individual reported period. *See id.*

12 11. The Respondent also failed to specifically explain the subject's legal use and
13 possible alternative uses if any. *See id.*

14 12. The Respondent merely categorically noting that highest and best use is
15 "single-family residential" and "no transitioning" is seen does not meet this requirement.
16 *See id.*

17 13. The Respondent's Appraisal Report and work file also contain little to no
18 analysis used to arrive at the opinions and conclusions. *See* D-EX NRED 0110.

19 14. The lack of analysis in the Respondent's Appraisal Report implies that
20 market-derived adjustments were not used but the adjustments were automatic or
21 standard adjustments. *See id.*

22 15. The Respondent also failed to include any analysis of the previous sale of the
23 Property and justify the change from the preceding price paid for the Property, with such
24 sale having taken place in less than three (3) years before the effective date of the
25 appraisal. *See id.*

26 16. Respondent also fails to explain his reason for the exclusion of cost approach.
27 *See* D-EX NRED 0111.

28 17. The Respondent also failed to include a statement regarding prior services,

1 in its purported signed certification. *See id.*

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.400.¹

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 include
17 in his work file any data, information or documentation to support those adjustments it
18 makes in his Appraisal Report relative to location, site size, view, actual age, condition,
19 room count, gross living area, energy-efficient items, garage count, patio, and fireplace.
20 *See D-EX NRED 0109.*

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

24 Second Violation

25 The USPAP SCOPE OF WORK RULE requires that for each appraisal and
26 appraisal review assignment, an appraiser must: (1) identify the problem to be solved; (2)

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

1 determine and perform the scope of work necessary to develop credible assignment
2 results; and (3) disclose the scope of work in the report. An appraiser must properly
3 identify the problem to be solved in order to determine the appropriate scope of work. The
4 appraiser must be prepared to demonstrate that the scope of work is sufficient to produce
5 credible assignment results.

6 Respondent violated the USPAP SCOPE OF WORK RULE by failing to include two
7 (2) equally comparable and close property sales in his report, sales which were very
8 similar, even without providing any explanation whatsoever as to why they were being
9 excluded. *See id.*

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

13 **Third Violation**

14 USPAP Standards Rule 1-1(a) requires that in developing a real property
15 appraisal, an appraiser must: (a) be aware of, understand, and correctly employ those
16 recognized methods and techniques that are necessary to produce a credible appraisal.

17 The Respondent violated USPAP Standards Rule 1-1(a), as codified in NAC
18 645C.405(1), by failing to provide an explanation as to why price levels were allegedly
19 stable over twelve months, prior to the effective date of value, all the while his Appraisal
20 Report addendum references but does not explain why the price levels increased, then
21 decreased, in median prices for the individual reported period. *See id.*

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 **Fourth Violation**

26 USPAP Standards Rule 1-3(b) requires that, when necessary for credible
27 assignment results in developing a market value opinion, an appraiser must: (b) develop
28 an opinion of the highest and best use of the real estate. The rule includes the associated

1 comment that, in such instances, an appraiser must analyze the relevant legal, physical,
2 and economical factors to the extent necessary to support the appraisers highest and best
3 use conclusions.

4 Respondent violated USPAP Standards Rule 1-3(b), by failing to specifically
5 explain the subject's legal use and possible alternative uses if any. *See id.* Merely
6 categorically noting that highest and best use is "single-family residential" and "no
7 transitioning" is seen does not meet this requirement. *See id.*

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 **Fifth Violation**

12 USPAP Standards Rule 1-4(a) 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 sales comparison approach is necessary for credible
15 assignment results, an appraiser must analyze such comparable sales data as are
16 available and indicate a value conclusion.

17 Respondent violated USPAP Standards Rule 1-4(a), by failing to include two (2)
18 comparable sale of properties of the same floor plan, which are located within the
19 neighborhood of the subject property. *See D-EX NRED 0110.* Further, the Respondent's
20 Appraisal Report and work file contain little to no analysis used to arrive at the opinions
21 and conclusions. *See id.* The lack of analysis in the Respondent's Appraisal Report implies
22 that market-derived adjustments were not used but the adjustments were automatic or
23 standard adjustments. *See id.*

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

27 **Sixth Violation**

28 USPAP Standards Rule 1-5(b) provides that, when the value of opinion to be

1 developed is market value, an appraiser must, if such information is available to the
2 appraiser in the normal course of business (b) analyze all sales of the subject property
3 that occurred within the three (3) years prior to the effective date of the appraisal.

4 Respondent violated USPAP Standards Rule 1-5(b), as codified in NAC
5 645C.405(1), by failing to include any analysis of the previous sale of the Property and
6 justify the change from the preceding price paid for the Property, with such sale having
7 taken place in less than three (3) years before the effective date of the appraisal. *See id.*

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 **Seventh Violation**

12 USPAP Standards Rule 2-1(a)&(b) requires that each written or oral real property
13 appraisal report must: (a) clearly and accurately set forth the appraisal in a manner that
14 will not be misleading; (b) contain sufficient information to enable the intended user(s) of
15 the appraisal to understand the report properly.

16 Respondent violated USPAP Standards Rule 2-1(a)&(b), as codified in NAC
17 645C.405(1), by failing to provide credible support for the conclusion that allegedly price
18 levels were stable over the twelve (12) months, prior to the effective date of value. *See id.*
19 Further, the Appraisal Report does not contain support and rationale for the highest and
20 best use conclusion. *See id.* The Respondent's Appraisal Report does not include two (2)
21 comparable sales of the same floor plan, even though located within the neighborhood of
22 the subject property. *See id.* There is also no explanation relative to such omission. *See id.*
23 The Respondent's Appraisal Report also does not show an analysis of the prior sale of
24 Property (which occurred in less than 3 years, prior to the effective date) or justify the
25 change from the preceding price for the Property. *See id.* Given the lack of any such
26 analysis, the adjustments made were automatic and standard than market-drive
27 adjustments. *See id.*

28 This is unprofessional conduct pursuant to NRS 645C.470(2) and grounds for

1 disciplinary action, pursuant to Nevada Revised Statutes (“NRS”) 645C.460(1)(a) and/or
2 (b).

3 **Eighth Violation**

4 USPAP Standards Rule 2-2(a)(iii) requires that (a) the content of an Appraisal
5 Report must be consistent with the intended use of the appraisal and, at a minimum: (iii)
6 summarize information sufficient to identify the real estate involved in the appraisal,
7 including the physical, legal, and economic property characteristics relevant to the
8 assignment.

9 Respondent violated USPAP Standards Rule 2-2(a)(iii), as codified in NAC
10 645C.405(1), by failing to explain why the price levels increase, then an overall decrease
11 having occurred, all the while claiming that price trends and property values are stable.
12 See D-EX NRED 0110-0111.

13 The Respondent’s actions constitute unprofessional conduct pursuant to NRS
14 645C.470(2) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or
15 (b).

16 **Ninth Violation**

17 USPAP Standards Rule 2-2(a)(viii) requires the content of an appraisal report to be
18 consistent with the intended use of the appraisal and, at a minimum: (viii) summarize the
19 information analyzed, the appraisal methods and techniques employed, and the reasoning
20 that supports the analyses, opinions, and conclusions; exclusions of the sales comparison
21 approach, cost approach, or income approach must be explained. The appraiser must
22 provide sufficient information to enable the client and intended users to understand the
23 rationale for the opinions and conclusions, including reconciliation of the data and
24 approaches, in accordance with Standards Rule 1-6.

25 Respondent violated USPAP Standards Rule 2-2(a)(viii), as codified in NAC
26 645C.405(1), by failing to include an analysis of the differences in property values listed
27 in the market conditions addendum, the subject Property’s prior sales history, and the
28 exclusion of similar comparables within the subject Property’s neighborhood. Further,

1 Respondent also fails to explain his reason for the exclusion of cost approach. *See* D-EX
2 NRED 0111.

3 The Respondent's actions constitute unprofessional conduct pursuant to NRS
4 645C.470(2) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or
5 (b).

6 **Tenth Violation**

7 USPAP Standards Rule 2-2(a)(x) requires that, when an opinion of highest and
8 best use was developed by the appraiser, summarize the support and rationale for that
9 opinion.

10 Respondent violated USPAP Standards Rule 2-2(a)(x), as codified in NAC
11 645C.405(1), by failing to specifically explain the subject's legal use and possible
12 alternative uses if any. Merely categorically noting that highest and best use is "single-
13 family residential" and "no transitioning" is seen does not meet this requirement. *See id.*

14 The Respondent's actions constitute unprofessional conduct pursuant to NRS
15 645C.470(2) and grounds for disciplinary action pursuant to NRS 645C.460(1)(a) and/or
16 (b).

17 **Eleventh Violation**

18 USPAP Standards Rule 2-2(a)(xii) requires must include a signed certification in
19 accordance with USPAP Standards Rule 2-3.

20 Respondent violated USPAP Standards Rule 2-2(a)(xii), as codified in NAC
21 645C.405(1), by failing to include a statement regarding prior services, in its purported
22 signed certification. *See id.*

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

26 **Twelfth Violation**

27 USPAP Standards Rule 2-3 requires that each written real property appraisal
28 report "must contain a signed certification that is similar in content to the following form:

1 I certify that, to the best of my knowledge and belief: -I have performed no (or the
2 specified) services, as an appraiser or in any other capacity, regarding the property that is
3 the subject of this report within the three-year period immediately preceding acceptance
4 of this assignment.”

5 Respondent violated USPAP Standards Rule 2-3, as codified in NAC 645C.405(1),
6 by failing to include a statement regarding prior services, in its purported signed
7 certification. *See id.*

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 **DISCIPLINE AUTHORIZED**

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

17 2. Additionally, under NRS Chapter 622.400, the Commission is authorized to
18 impose the costs of the proceeding upon the Respondent, including investigative costs and
19 attorney’s fees, if the Commission otherwise imposes discipline on the Respondent.

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

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

27 **THE HEARING WILL TAKE PLACE at the Commission meeting scheduled**
28 **for July 12th, 13th, and 14th, 2022, beginning at approximately 9:00 a.m. each**

1 day, or until such time as the Commission concludes its business.

2 **The meeting will be located at the following locations:**

3 **Nevada State Business Center**
4 **Real Estate Division**
5 **3300 West Sahara Avenue,**
6 **4th Floor, Tahoe Room**
7 **Las Vegas, Nevada 89102**

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

11 **STACKED CALENDAR: Your hearing is one of several hearings that may**
12 **be scheduled at the same time as part of a regular meeting of the Commission**
13 **that is expected to take place on July 12-14, 2022. Thus, your hearing may be**
14 **continued until later in the day or from day to day. It is your responsibility to**
15 **be present when your case is called. If you are not present when your case is**
16 **called, a default may be entered against you, and the Commission may decide**
17 **the case as if all allegations in the complaint were true. If you need to negotiate**
18 **a more specific time for your hearing in advance, because of coordination with**
19 **out of state witnesses or the like, please call Kelly Valadez, Commission**
20 **Coordinator, at (702) 486-4606.**

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

27 **As the Respondent, you are specifically informed that you have the right to appear**
28 **and be heard in your defense, either personally or through your counsel of choice. At the**
29 **hearing, the Division has the burden of proving the allegations in the complaint and will**

1 call witnesses and present evidence against you. You have the right to respond and to
2 present relevant evidence and argument on all issues involved. You have the right to call
3 and examine witnesses, introduce exhibits, and cross-examine opposing witnesses on any
4 matter relevant to the issues involved.

5 You have the right to request that the Commission issue subpoenas to compel
6 witnesses to testify and/or evidence to be offered on your behalf. In making this request,
7 you may be required to demonstrate the relevance of the witnesses' testimony and/or
8 evidence. Other important rights you have are listed in NRS Chapter 645C, NRS Chapter
9 233B, and NAC Chapter 645C.

10 DATED the 8 day of June 2022.

DATED the 8th day of June 2022.

11

12 NEVADA REAL ESTATE DIVISION

AARON D. FORD
Attorney General

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By:



By:

/s/ Louis V. Csoka

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