STATE OF ARIZONA

Department of Insurance and Financial Institutions
FILED May 24, 2023 by AS

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of Appraiser License of:

STEPHANIE N. LAM,

Certified Residential Real Estate Appraiser,

License no. 1025226

Respondent

No. 23A-004-FIN

NUNC PRO TUNC

On May 23, 2023, the Arizona Department of Insurance and Financial Institutions filed an Order (attached) in the matter of the appraiser license of Stephanie N. Lam; Docket No. 23A-004-FIN. The Order failed to address all parts of the Administrative Law Judge Decision ("ALJ's Decision"). In the Order, the Director inadvertently only adopted the ALJ's Decision in regards to Respondent's education requirements. The Director now clarifies and adopts the ALJ's Decision and Order in its entirety.

THEREFORE, it is ORDERED Nunc Pro Tunc:

- Stephanie N. Lam's Arizona appraiser license, number 1025226, is suspended for the period of three (3) months following the effective date of the May 23rd Order.
- Stephanie N. Lam shall complete eleven (11) hours of corrective professional education consisting of: a) a four-hour course through Appraisal Foundation called "Appraiser Self-Protection: Documentation and Record-Keeping" and b) a seven-hour Supporting Adjustments course.
- Stephanie N. Lam shall pass any accompanying examination associated with those courses.

Nunc Pro Tunc; 23A-004-FIN Continued

• Stephanie N. Lam shall complete the required coursework within six (6) months following the effective date of this Order.

• Stephine N. Lam shall provide to the Department proof of completion of the coursework within three (3) weeks of its completion.

DATED and EFFECTIVE this 24thday of May , 2023.

Barbara D. Richardson

Barbara D. Richardson, Director Arizona Department of Insurance and Financial Institutions

Nunc Pro Tunc; 23A-004-FIN Continued

1	ORIGINAL of the foregoing filed electronically this 25th day of May, 2023, to:
2	Kay Abramsohn, Administrative Law Judge https://portal.azoah.com/submission Office of Administrative Hearings
4	
5	COPY of the foregoing delivered the same date, to:
6	Deian Ousounov, Assistant Director
7	Gio Espinosa, Regulatory Legal Affairs Officer Ana Starcevic, Paralegal Project Specialist Steven Fromholtz, Licensing Division Manager Tammy Seto, Assistant Dirctor Linda Lutz, Legal Assistant Kelly Luteijn, Staff Investigator-Appraisal Investigations Nancy Inserra, Regulatory Compliance Officer Arizona Department of Insurance and Financial Institutions 100 North 15th Avenue, Suite 261 Phoenix, Arizona 85007
8	
9	
10	
11	
12	
13	COPY mailed the same date by Certified Mail, Return Receipt Requested, to:
14	
15	Stephanie N. Lam
16	460 W. 1/2 St. N. Snowflake, AZ 85937
17	Respondent 9489 0090 0027 6486 6715 70
18	Stephanie N. Lam 9010 Soquel Dr. Aptos, CA 95003 Respondent 9489 0090 0027 6486 6715 63
19	
20	
21	COPY sent via electronic mail
22	the same date, to:
23	Stephanie N. Lam Stephanie@pacificappraiser.com Respondent
24	
25	
26	

STATE OF ARIZONA Department of Insurance and Financial Institutions FILED May 23, 2023 by AS

STATE OF ARIZONA

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

In the Matter of Appraiser License of:

STEPHANIE N. LAM,

No. 23A-004-FIN

Certified Residential Real Estate Appraiser,

License no. 1025226

ORDER

Respondent

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On May 1, 2023, the Office of Administrative Hearings, through Administrative Law Judge Kay Abramsohn, issued an Administrative Law Judge Decision ("Recommended Decision"). The Director of the Arizona Department of Insurance and Financial Institutions ("Director") received the Recommended Decision on the same date, a copy of which is attached and incorporated by reference. Respondent failed to accept the Recommended Decision within ten days of receipt. Therefore, the Director has reviewed the Recommended Decision and enters the following:

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- 1. The Director ADOPTS the Findings of Fact, except to correct the following:
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a) Page 1, line 25 should read, "(Bates 0001 through 0144)"

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b) Page 2, line 5 should read, "Respondent completed the Rainbow Drive appraisal, effective November 29, 2021."

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c) Page 2 line 21 should read "difference in GLA had not been"

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d) Page 2 line 30 (footnote) should read, "as of the date of the report"

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e) Page 3 line 5 should read "USPAP SR 1-1-(a)"

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f) Page 3 line 8 should read, "Scope of Work Rule"

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g) Page 3 line 13 should read, "Respondent completed Windy Lane appraisal,

effective March 9, 2022."

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h) Page 3 line 28 should read, "explanation or analysis"

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2. The Director ADOPTS the Conclusions of Law.

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3. The Director ADOPTS the Recommended Order.

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4. The Director ORDERS the following:

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education consisting of: a) a four-hour course through Appraisal Foundation called "Appraiser Self-Protection: Documentation and Record-Keeping" and

Stephanie N. Lam shall complete eleven (11) hours of corrective professional

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b) a seven-hour Supporting Adjustments course.

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 Stephanie N. Lam shall pass any accompanying examination associated with those courses.

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• Stephanie N. Lam shall complete the required coursework within six (6) months following the effective date of this Order.

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• Stephine N. Lam shall provide to the Department proof of completion of the coursework within three (3) weeks of its completion.

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NOTIFICATION OF RIGHTS

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Pursuant to Arizona Revised Statutes ("A.R.S.") § 41-1092.09, Respondent may request a rehearing or review with respect to this Order by filing a written motion with the Director within 30 days after the date of this Order, setting forth the basis for relief under

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Arizona Administrative Code R20-6-114(B). Pursuant to A.R.S. § 41-1092.09, it is not

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necessary to request a rehearing before filing an appeal to the Superior Court.

22 23 Respondent may appeal the final decision of the Director to the Superior Court of Maricopa County for judicial review, pursuant to A.R.S. § 6-139. A party filing an appeal

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must notify the Office of Administrative Hearings of the appeal within ten days after filing the

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complaint commencing the appeal, pursuant A.R.S. § 12-904(B).

Order; 23A-004-FIN Continued

DATED and EFFECTIVE this 23rd day of _____, 2023.

Barbara D. Richardson

Barbara D. Richardson, Director Arizona Department of Insurance and Financial Institutions

Order; 23A-004-FIN Continued

	Cor
1	ORIGINAL of the foregoing filed electronically this 23 day of May, 2023, to:
3	Kay Abramsohn, Administrative Law Judge https://portal.azoah.com/submission Office of Administrative Hearings
4	
5	COPY of the foregoing delivered the same date, to:
6	Deian Ousounov, Assistant Director Gio Espinosa, Regulatory Legal Affairs Officer
7	Ana Starcevic, Paralegal Project Specialist
8	Steven Fromholtz, Licensing Division Manager Tammy Seto, Assistant Director
9	Linda Lutz, Legal Assistant
10	Aqueelah Currie, Insurnace and Appraisal Licensing Supervisor Kelly Luteijn, Staff Investigator-Appraisal Investigations
11	Nancy Inserra, Regulatory Compliance Officer
12	Arizona Department of Insurance and Financial Institutions 100 North 15th Avenue, Suite 261
13	Phoenix, Arizona 85007
14	COPY mailed the same date by Certified Mail, Return Receipt Requested, to:
15	Stephanie N. Lam
16	460 W. 1/2 St. N.
17	Snowflake, AZ 85937 Respondent
18	
19	Stephanie N. Lam 9010 Soquel Dr.
20	Aptos, CA 95003 9489 0090 0027 6486 6612 05 Respondent
21	COPY sent via electronic mail
22	the same date, to:
23	Stephanie N. Lam
24	Stephanie@pacificappraiser.com
25	Respondent
26	

Order; 23A-004-FIN Continued

Zachary Howard, Assistant Attorneys General Zachary.Howard@azag.gov AdminLaw@azag.gov Attorney for the Department

Ana Starcevic

Respondent.

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

In the Matter of Appraiser License of:

No. 23A-004-FIN

Stephanie N. Lam, Certified Residential Real Estate Appraiser, License No. 1025226, ADMINISTRATIVE LAW JUDGE DECISION

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HEARING: April 11, 2023.

APPEARANCES: Stephanie N. Lam failed to appear. Assistant Attorney General Zachary Howard, Esq, for the Arizona Department of Insurance and Financial Institutions.

ADMINISTRATIVE LAW JUDGE: Kay Abramsohn

FINDINGS OF FACT

- 1. On February 23, 2023, the Arizona Department of Insurance and Financial Institutions (Department) issued a Notice of Hearing and Complaint setting this matter for administrative hearing on April 11, 2023 at the Office of Administrative Hearings in Phoenix, Arizona.¹
- 2. The Notice of Hearing provides notice to Respondent that the administrative hearing was being held to determine whether grounds exist to (a) revoke or suspend Respondent's License No. 1025226 for a period of three months and (b) required the completion of corrective education classes. Additionally, the Notice of Hearing sets forth the background information of two complaints having been received against Respondent's License and the allegations therein, as well as the Department's investigation regarding the complaints and the Department's findings of violations.
- 3. At hearing, the Department presented the testimony of investigator Kelly Luteijn; the Department's Exhibits 1 through 9 (Bates 00001 through 0144) were admitted to the hearing record.
- 4. Respondent's Arizona licensure became active June 20, 2021 and is set to expire May 31, 2023.²

¹ The Notice of Hearing was sent to Respondent by certified mail to Respondent's Arizona address of record; at hearing, the Department indicated that it received the certified receipt for the mailing.

² See Exhibit 2. Respondent's California licensure is inactive.

5. The Department received two complaints, one regarding an appraisal performed on a residence on Rainbow View Drive in Lakeside, Arizona,³ and one regarding an appraisal performed on a residence [under construction/reconstruction] on Windy Lane in Heber, Arizona.⁴

RAINBOW DRIVE APPRAISAL

- 6. On November 29, 2021, Respondent completed the Rainbow Drive appraisal for purposes of a mortgage refinance transaction.⁵
- 7. On review by the Department,⁶ the Investigator identified multiple errors and failings in the Rainbow Drive appraisal and workfile: (a) representing there was a fireplace but providing no photographs thereof; (b) stating there was bedroom carpeting when the photographs showed hardwood flooring; (c) failing to mention any upgrades over the preceding 15 years; (d) failing to mention any of the community amenities; (e) failing to provide analysis of the location differences between the subject home and the comparables that were not located within the subdivision; and (f), failing to provide field notes or analysis to support her findings. The Department determined that these errors and failings were violations of the Uniform Standards of Professional Appraisal Practice⁷ (USPAP) Record Keeping Rule [Standard Rule] 1-1(a)(c), 1-2(e)(i), 1-4(a) and 2-1(b).
- 8. On review by the Department, the Investigator identified issues with Respondent's use of comparables in that she had not appropriately analyzed or supported in her workfile the differences in gross living areas (GLA). The Investigator noted that Comparable (Comp.)#2 and Comp.#4 appeared to have been included due to recency in their sales when compared to Comp.#1 and Comp.#3 but the GLA had been adequately accounted for in the appraisal. Further, the GLA in Comp.#5 was not only 2.5 times the GLA in the subject property but the Comp.#5 lot was 2 times the lot size of the subject property. The Department determined that these issues were violative of USPAP

³ The Department gave the Complaint the number 2021-DFI-0778.

⁴ The Department gave the Complaint the number 2022-DFI-0220. The hearing record does not contain copies of the complaints.

⁵ See Exhibit 3; the date of the report is December 9, 2021.

⁶ See Exhibit 4.

⁷ See Exhibit 1, USPAP (2020-2021 Edition). At hearing, the witness indicated that, at the time of the Department's investigations, these were the existing uniform standards.

Competency Rule, Scope of Work Rule, and Record Keeping Rule, 1-1(a)(b), 1-4(a) and 2-1(a)(b).

9. Finally, the Department determined there were multiple other violations: (a) failure to include the MLS listings in workfile [Record Keeping Rule]; (b) failure to provide explanations of analysis in providing only limited discussion to support adjustments [USPAP SR -1-(a) and 1-4(a)]; (c) failure to provide analysis of location differences as to Comp. # 4 and Comp. #5 or market trends [USPAP SR 1-1(b)]; (d) failure to provide original photographs per engagement agreement and only providing MLS photographs [Scope pf Work Rule]; (e) failure to report/analyze the prior sale of the subject property [USPAP SR 1-5(b)]; (f) failure to produce an appraisal with sufficient information to demonstrate compliance with Standard 1 [USPAP 2-2(a)(x); and, (g) failure to report the appraisal fee [A.R.S. § 32-3673(B)].

WINDY LANE APPRAISAL

- 10. On March 9, 2022, Respondent completed the Windy Lane appraisal for purposes of a purchase transaction.⁸
- 11. On review by the Department,⁹ the Investigator identified multiple errors and failings in the Windy Lane appraisal and workfile: (a) failed to make adjustments for the differences as to age and construction upgrades from the subject property; (b) the lack of details about the home's features post-renovation along with use of "construction" photographs; (c) limited descriptions of the interior and exterior details fail to support the assertion that the subject is, in fact, Q2 quality; (d) inconsistent analysis of differences as to subject and comparables and resultant failure to make adjustments as to Comps.#1-4; and, (e) failure to provide adequate support for the value opinion. The Department determined that these errors and failings were violations of the USPAP Competency Rule, Scope of Work Rule, Record Keeping Rule, and Standard Rules 1-1(a)(b), 1-4(a) and 2-1(a)(b).
- 12. Finally, the Department determined there were multiple other violations: (a) failure to include the MLS listings in workfile [Record Keeping Rule]; (b) failure to provide explanations of analysis for adjustments [Record Keeping Rule]; (c) providing only limited

⁸ See Exhibit 5; the date of the report is March 17, 2022.

⁹ See Exhibit 6.

discussion or analysis to support adjustments [USPAP SR 1-1(a) and 1-4(a)]; (d) failure to produce an appraisal with sufficient information to demonstrate compliance with Standard 1 [USPAP 2-2(a)(x); and, (e) failure to report the appraisal fee [A.R.S. § 32-3673(B)].

- 13. On October 31, 2022, the Department issued, via email, a Letter of Remedial Action (LAR) and copies of the two investigative reports, requesting that Respondent meet with the Department or sign off on the LAR.
- 14. On November 2, 2022, the Department discovered that Respondent had not opened the communication. The Department then left a voice mail at the phone number on file and, further, contacted the employer of record; the Department was informed that Respondent no longer worked at the company.
- 15. On November 9, 2022, the Department sent, by certified and regular mail, the Letter of Remedial Action (LAR) and copies of the two investigative reports to Respondent's address of record.¹⁰ The Department again requested that Respondent meet with the Department or sign off on the LAR by November 21, 2022.
- 16. On November 15, 2022, the Department was informed that the mailing was not able to be delivered to the address of record but a further effort would be made.
- 17. As of the date of the Notice of Hearing (February 23, 2023), the Department has had no response from Respondent to the email, voice mail, or USPS mailing. Further, the Department also has not heard from Respondent with regard to any business, residence, email, or phone contact number changes. A.R.S. § 32-3621(D) mandates that a licensee shall give written notification to the Department of changes within ten days after the change.
- 18. Due to her failure to appear at the administrative hearing, Respondent failed to dispute or rebut any of the Department's allegations.
- 19. At hearing, the Department argued that the undisputed allegations are violations which support discipline in the form of a suspension and required professional education.

CONCLUSIONS OF LAW

¹⁰ See Exhibit 8.

- 1. The Department has authority to regulate all persons engaged in the activities of real estate appraisal and to enforce the applicable statutes and rules pursuant to A.R.S. § 32-3601 et seq. The Department bears the burden of persuasion to show that Respondent violated the statutes and rules as alleged. A.R.S. § 41-1092.07(G)(2). The standard of proof on all issues in this matter is that of a preponderance of the evidence. A.A.C. § R2-19-119.
 - 2. A preponderance of the evidence is:

The greater weight of the evidence, not necessarily established by the greater number of witnesses testifying to a fact but by evidence that has the most convincing force; superior evidentiary weight that, though not sufficient to free the mind wholly from all reasonable doubt, is still sufficient to incline a fair and impartial mind to one side of the issue rather than the other.

BLACK'S LAW DICTIONARY 1373 (10th ed. 2014).

- 3. Statutes should be interpreted to provide a fair and sensible result. *Gutierrez v. Industrial Commission of Arizona*; see also State v. McFall, 103 Ariz. 234, 238, 439 P.2d 805, 809 (1968) ("Courts will not place an absurd and unreasonable construction on statutes.").
- 4. "Substantial evidence is evidence which would permit a reasonable person to" conclude that the proposed finding should be substantiated. See Sierra Club Grand Canyon Chapter v. Ariz. Corp. Comm'n, 237 Ariz. 568, ¶ 22, 354 P.3d 1127 (2015 App.)(citing In re Estate of Pouser, 193 Ariz. 574, 579, ¶ 13, 975 P.2d 704 (1999).
- 5. Preponderance of the evidence demonstrated that Respondent engaged in the alleged conduct and actions, as alleged in the February 23, 2023 Notice of Hearing, incorporated herein. Therefore, the Administrative Law Judge concludes that Respondent's actions and conduct violated the noticed USPAP provisions and the applicable Arizona statutes.

RECOMMENDED ORDER

IT IS ORDERED that Respondent's Certified Residential Real Estate Appraiser, License No. 1025226 be suspended for three months,

IT IS FURTHER ORDERED that Respondent complete corrective professional education in the amount of eleven (11) hours consisting of the following: (a) a four (4) hour course through Appraisal Foundation called "Appraiser Self-Protection: Documentation and Record-Keeping;" and, a seven (7) hour course called "Supporting Adjustments," and pass any accompanying examinations associated with those courses,

IT IS FURTHER ORDERED that Respondent provide proof of completion of the coursework within three (3) weeks of course completion as well as provide proof to the Department of completion of all corrective action within six (6) months of Department's final ORDER in this matter.

Pursuant to A.R.S. § 41-1092.08(I), the licensee may accept the Administrative Law Judge Decision by advising the Office of Administrative Hearings in writing not more than ten (10) days after receiving the Administrative Law Judge Decision. If the licensee accepts the Administrative Law Judge Decision, the Administrative Law Judge Decision shall be certified as the final decision by the Office of Administrative Hearings.

In the event of certification of the Administrative Law Judge Decision by the Director of the Office of Administrative Hearings, the effective date of the Order will be forty (40) days from the date of that certification.

RECOMMENDED this day, May 1, 2023.

/s/ Kay A. Abramsohn Administrative Law Judge

Transmitted electronically, or by mail, to:

Barbara D. Richardson
Department of Insurance and Financial Institutions

Stephanie Lam 460 W. 1/2 St. N. Snowflake, AZ 85937

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