

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,

Certified Residential Real Estate Appraiser,

License no. 1025226

Respondent

No. 23A-004-FIN

ORDER

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:

1. The Director ADOPTS the Findings of Fact, except to correct the following:
 - a) Page 1, line 25 should read, “(Bates 0001 through 0144)”
 - b) Page 2, line 5 should read, “Respondent completed the Rainbow Drive appraisal, effective November 29, 2021.”
 - c) Page 2 line 21 should read “**difference in GLA had not been**”
 - d) Page 2 line 30 (footnote) should read, “**as of the date of the report**”
 - e) Page 3 line 5 should read “USPAP SR 1-1-(a)”
 - f) Page 3 line 8 should read, “Scope of Work Rule”
 - g) Page 3 line 13 should read, “Respondent completed Windy Lane appraisal,

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effective March 9, 2022.”

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

2. The Director ADOPTS the Conclusions of Law.

3. The Director ADOPTS the Recommended Order.

4. The Director ORDERS the following:

- 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.
- 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.

NOTIFICATION OF RIGHTS

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 Arizona Administrative Code R20-6-114(B). Pursuant to A.R.S. § 41-1092.09, it is not necessary to request a rehearing before filing an appeal to the Superior Court.

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 must notify the Office of Administrative Hearings of the appeal within ten days after filing the complaint commencing the appeal, pursuant A.R.S. § 12-904(B).

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

Barbara D. Richardson

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

1 ORIGINAL of the foregoing filed electronically
this 23 day of May, 2023, to:

2 Kay Abramsohn, Administrative Law Judge
3 <https://portal.azoah.com/submission>
4 Office of Administrative Hearings

5 COPY of the foregoing delivered the same date, to:

6 Deian Ousounov, Assistant Director
7 Gio Espinosa, Regulatory Legal Affairs Officer
8 Ana Starcevic, Paralegal Project Specialist
9 Steven Fromholtz, Licensing Division Manager
10 Tammy Seto, Assistant Director
11 Linda Lutz, Legal Assistant
12 Aqueelah Currie, Insurance and Appraisal Licensing Supervisor
13 Kelly Luteijn, Staff Investigator-Appraisal Investigations
14 Nancy Inserra, Regulatory Compliance Officer
15 Arizona Department of Insurance and Financial Institutions
16 100 North 15th Avenue, Suite 261
17 Phoenix, Arizona 85007

18 COPY mailed the same date by Certified Mail,
19 Return Receipt Requested, to:

20 Stephanie N. Lam
21 460 W. 1/2 St. N.
22 Snowflake, AZ 85937
23 Respondent

9489 0090 0027 6486 6611 99

24 Stephanie N. Lam
25 9010 Soquel Dr.
26 Aptos, CA 95003
Respondent

9489 0090 0027 6486 6612 05

COPY sent via electronic mail
the same date, to:

Stephanie N. Lam
Stephanie@pacificappraiser.com
Respondent

1 Zachary Howard, Assistant Attorneys General
2 Zachary.Howard@azag.gov
3 AdminLaw@azag.gov
4 *Attorney for the Department*

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Ana Starcevic

IN THE OFFICE OF ADMINISTRATIVE HEARINGS

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In the Matter of Appraiser License of:

Stephanie N. Lam,
Certified Residential Real Estate Appraiser,
License No. 1025226,
Respondent.

No. 23A-004-FIN

**ADMINISTRATIVE LAW JUDGE
DECISION**

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.

Office of Administrative Hearings
1740 West Adams Street, Lower Level
Phoenix, Arizona 85007
(602) 542-9826

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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.

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

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

13 **WINDY LANE APPRAISAL**

14 10. On March 9, 2022, Respondent completed the Windy Lane appraisal for
15 purposes of a purchase transaction.⁸

16 11. On review by the Department,⁹ the Investigator identified multiple errors and
17 failings in the Windy Lane appraisal and workfile: (a) failed to make adjustments for the
18 differences as to age and construction upgrades from the subject property; (b) the lack of
19 details about the home's features post-renovation along with use of "construction"
20 photographs; (c) limited descriptions of the interior and exterior details fail to support the
21 assertion that the subject is, in fact, Q2 quality; (d) inconsistent analysis of differences as
22 to subject and comparables and resultant failure to make adjustments as to Comps.#1-4;
23 and, (e) failure to provide adequate support for the value opinion. The Department
24 determined that these errors and failings were violations of the USPAP Competency Rule,
25 Scope of Work Rule, Record Keeping Rule, and Standard Rules 1-1(a)(b), 1-4(a) and 2-
26 1(a)(b).

27 12. Finally, the Department determined there were multiple other violations: (a)
28 failure to include the MLS listings in workfile [Record Keeping Rule]; (b) failure to provide
29 explanations of analysis for adjustments [Record Keeping Rule]; (c) providing only limited

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

⁹ See Exhibit 6.

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

7 2. A preponderance of the evidence is:

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

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

16 3. Statutes should be interpreted to provide a fair and sensible result. *Gutierrez*
17 *v. Industrial Commission of Arizona*; *see also State v. McFall*, 103 Ariz. 234, 238, 439
18 P.2d 805, 809 (1968) ("Courts will not place an absurd and unreasonable construction on
19 statutes.").

20 4. "Substantial evidence is evidence which would permit a reasonable person
21 to" conclude that the proposed finding should be substantiated. *See Sierra Club – Grand*
22 *Canyon Chapter v. Ariz. Corp. Comm'n*, 237 Ariz. 568, ¶ 22, 354 P.3d 1127 (2015
23 App.)(*citing In re Estate of Pouser*, 193 Ariz. 574, 579, ¶ 13, 975 P.2d 704 (1999)).

24 5. Preponderance of the evidence demonstrated that Respondent engaged in
25 the alleged conduct and actions, as alleged in the February 23, 2023 Notice of Hearing,
26 incorporated herein. Therefore, the Administrative Law Judge concludes that
27 Respondent's actions and conduct violated the noticed USPAP provisions and the
28 applicable Arizona statutes.

29 **RECOMMENDED ORDER**

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

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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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