



WISCONSIN REGULATORY DIGEST

Volume 7, No. 1 A Publication of the REAL ESTATE APPRAISERS BOARD March, 2000

Licensing Statistics

The number of licensees, as of February 7, 2000:

| | |
|---------------------------------|-----|
| Licensed Appraiser | 435 |
| Certified Residential Appraiser | 846 |
| Certified General Appraiser | 585 |

Complaint Statistics

- Complaints Received in 1999 - 38
 - Complaints Closed After Screening - 13
 - Complaints Closed After Investigation - 19
 - Complaints Closed With Discipline - 10
- NOTE: The number of complaints closed includes complaints received prior to 1999.

Legislation

1999 Assembly Bill 529/1999 Senate Bill 251 The Wisconsin Housing and Economic Development Authority (WHEDA) administers a homeownership mortgage loan program. Under the program, WHEDA contracts with authorized lenders to make or service loans to persons with incomes below a certain level for the construction, long-term financing or rehabilitation of residential property.

THE WISCONSIN REAL ESTATE APPRAISERS BOARD

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- Paul "Rick" Vozar, Chair (West Allis)
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Administrative Staff:

Alfred J. Hall, Jr., Bureau Director

Executive Staff:

- Marlene A. Cummings, Secretary
- Myra Shelton, Executive Assistant

WHEDA may insure or provide additional security for the loans. A loan may not exceed the lesser of 97% of the purchase price of the property or 97% of the appraised value of the property. Under AB 529/SB 251 a loan may not exceed 97% of the purchase price of the property, thus removing the requirement that the property be appraised.

Senator Gwendolynne Moore has indicated she would introduce a Senate Substitute Amendment to 1999 Senate Bill 251.

A substitute amendment was introduced. It would make changes to read: "The amount of a homeownership mortgage loan may not exceed the lesser of 97% of the purchase price or 97% of the established value of the eligible property. The established value of the eligible property equals any of the following: 1) The value determined by an independent appraisal of the property. 2) The value insured under a property value insurance policy written on the property."

The Board has reviewed this legislation and discussed it with Jim Langdon, Executive Assistant of the Wisconsin Housing and Economic Development Authority (WHEDA). The Board expressed concern about several aspects of property

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value insurance and about several other provisions in the bill. The Board has directed Chairman, Rick Vozar, to draft a letter of concern and to send it to the appropriate legislative committees.

Administrative Rules

Numerous revisions to Chapters RL 80-87, relating to the regulation of certified and licensed appraisers, became effective on February 1, 1999. You may find the current rules at the following Web site: <http://www.legis.state.wi.us/rsb/code/codtoc.html>.

Check the History following each section that is numbered in bold type. If the last line of the History ends with 2-1-99, this is an indication that a change was made to that section. The Appendix following Chapter RL 87 contains the Uniform Standards of Professional Appraisal Practice (USPAP). These standards are being revised by the Appraisal Foundation and the above Web site may not contain the latest edition.

The Department has prepared a scope statement for some additional changes in 2000. This is the first step in the rulemaking process. The scope statement is a notice to interested persons that the Department will be making rule changes for the purpose of bringing the rules into compliance with the 2000 USPAP. The Department has not yet prepared a rule draft; however, it will do so soon. The draft will have to address changes in definitions and minor changes to Standards 1, 2, and 3.

The USPAP 2000 is now available at the following Web site: <http://www.appraisalfoundation.org/uspap2000/toc.html> Incidentally, the Web site of the [Appraisal Subcommittee of the Federal Financial Institutions Examination Council](#) — the ASC may be found at www.asc.gov.

Vozar's Report on Conference

Rick Vozar attended the Association of Appraiser Regulatory Officials Meeting (AARO) held in Washington DC in April 1999. He returned from the conference with a new Uniform Standards of Professional Appraisal Practice (USPAP) packet, including an instructor's manual, a student manual and instructional transparencies. Mr. Vozar also reported on the following issues discussed at the conference: an apparent trend toward nationalization of regulation of appraisers, a need for more reciprocal agreements with other states, the publication of meeting dates and locations for the next few years, property flipping and the over-valuation of properties as influenced by mortgage brokers, legislation that provides for temporary practice, and the use of a standardized form for credentialing in all of the states.

Fee Increases

The Biennial Budget Bill included some fee changes that affect real estate appraisers. Initial registration fees for all professions in the department were increased from \$41 to \$43.

Appraiser, real estate, certified general - \$95 to \$108.

Appraiser, real estate, certified residential – \$101 to \$114.

Appraiser, real estate, licensed - \$72 to \$134.

Reciprocity

The Appraiser Qualifications Board (AQB) has urged the Department to enter into reciprocal agreements with other states. The Department has entered into an agreement with the state of Illinois, effective April 16, 1999. The essence of the agreement is that a person who currently holds an active license or certificate in one state may be granted a similar license or certificate in the other state without being required to demonstrate additional appraiser education or experience, or to complete an examination, provided the person files an application, files the required fee and satisfies other conditions. The following 3 Illinois license or certificate types are equivalent to the Wisconsin types: Certified General Real Estate Appraiser equals Wisconsin General Appraiser; Residential Real Estate Appraiser equals Wisconsin Certified Residential Appraiser; State Licensed Real Estate Appraiser equals Wisconsin Licensed Appraiser.

Continuing Education

Every appraiser must complete 28 hours of continuing education in each biennial renewal period. At least 4 of these hours must include instruction in the professional standards and code of ethics applicable to appraisers. Continuing education hours may be applied to the continuing education requirements for the biennial renewal period in which the hours were acquired and may not be carried over to the next biennial renewal period. The current biennial renewal period will end on December 31, 2001. That is the deadline for obtaining the required education. If an appraiser does not complete the education on time, his or her credential will not be renewed and he or she will not be permitted to use certain titles.

A person who initially receives a credential during the biennial renewal period must complete the continuing education, even though he or she received the credential 4 or 5 months, for example, before the deadline date. The only exception to this policy is that which applies to a person who receives a new credential after the date on which renewal notices have been sent to current appraisers. The persons who fall under the exception receive a credential that expires at the end of the **following** biennial renewal period, and they will not be required to complete continuing education courses until December 31, 2003.

Experience Needed For a Credential

The Appraiser Qualifications Board has advised state regulatory bodies that an individual applying for a credential as an appraiser may submit appraisals prepared without having an actual client; however, the credentialing authority must audit samples of appraisals prepared without clients and ascertain that they conform with USPAP. Appraisals made without clients can fulfill up to one-third of the total experience requirement, depending on the quality of the experience.

“Property Flipping”

You probably have read some newspaper articles about “property flipping” problems in Milwaukee and elsewhere. You will undoubtedly hear more about this problem in the future. The phrase “property flipping” or “a flip” is commonly used to describe the transfer of property where fraud is used to obtain inflated prices and loans. It is important to note that “property flipping” is distinctly different than the usual activity of buying and selling property at a profit. The market for real estate is imperfect. Knowledgeable and honest parties seek opportunities to acquire a given property at a favorable price with the objective of reselling that property at a profit. Such activity does not constitute flipping as there is no intent to mislead or defraud.

What does USPAP say about property flipping?

Answer: USPAP does not describe property flipping, itself, but it does prohibit appraisers from communicating assignment results in a fraudulent or misleading manner. The ETHICS RULE is explicit about any kind of activity designed to mislead or defraud – as specified in the Conduct Section of the ETHICS RULE:

An appraiser must perform assignments ethically and competently in accordance with these standards, and must not engage in criminal conduct.

An appraiser must not communicate assignment results in a misleading or fraudulent manner. An appraiser must not use or communicate a misleading or fraudulent report or knowingly permit an employee or other person to communicate a misleading or fraudulent report.

Disciplinary Actions

WILLIAM M. SCHULTZ REPRIMAND/
CERTIFIED GENERAL APPRAISER EDUCATION/
MANITOWOC WI COSTS
Noncompliance with USPAP standards. Complete 15 hours of USPAP education. Effective 9/30/98. Sec. 458.26(3)(c), Stats. RL 86.01(2)(5) Case #LS9807061APP

JOHN P. FORSYTHE
CERTIFIED GENERAL APPRAISER REPRIMAND/
COON VALLEY WI FORFEITURE
Made a material misstatement in information submitted to the department. Engaged in conduct which evidenced a lack of knowledge or ability. Advertised in a manner that was false,

deceptive or misleading. Effective 8/26/99. Sec. 458.26(3)(a)-(e), Stats. RL 86.01(1),(2),(6),(8). Case #LS9908268APP

NORMAN R. DeBROUX
CERTIFIED RESIDENTIAL APPRAISER
APPLETON WI REPRIMAND/COSTS
Made a material misstatement. Engaged in unethical or unprofessional conduct. Effective 8/26/99. Sec. 458.26(3)(a)-(c), Stats. RL 86.01(5),(6) Case #LS9908264APP

ROBERT J COUNSELL REPRIMAND/
LICENSED APPRAISER EDUCATION/
OCONOMOWOC WI FORFEITURE
Violated scope of appraisal practice. Effective 11/17/99. Sec. 458.26(3)(b), Stats. RL 81.04(3), 86.01(1),(2),(6). Case #LS9911171APP

EDMUND A LANDOWSKI
CERTIFIED GENERAL APPRAISER EDUCATION/
SCHOFIELD WI COSTS
Appraisal nonconforming to USPAP standards. Vacancy rates not explained; did not analyze previous sale; did not mention vacancy rate in income approach; previous sale was mentioned in report but not reconciled to current appraisal value. Effective 12/7/99. Case #LS9912071APP

JARROD B PETERSON
CERTIFIED GENERAL APPRAISER EDUCATION/
WHITEWATER WI COSTS
Violated USPAP Standards Rule 1-4(a). Effective 11/17/99 Case #LS9911173APP

LU M. KUMMEROW EDUCATION/
CERTIFIED RESIDENTIAL APPRAISER COSTS
NEW GLARUS WI
Violated USPAP Standards Rule 1-4(a) and 2-5. Effective 11/17/99. Case #LS9911173APP

JODI KRIEWALDT REPRIMAND/
CERTIFIED RESIDENTIAL APPRAISER COSTS/
APPLETON WI EDUCATION
Engaged in conduct which evidenced a lack of knowledge or ability to apply professional principles or skill. Effective 5/29/99. Sec. 458.26(3)(c), Stats. RL 86.01(2) Case #LS9905197APP Case #LS9905197APP

GARY S. GAVERS REPRIMAND/
CERTIFIED RESIDENTIAL APPRAISER COSTS
MILWAUKEE WI
Failed to take and complete education that was ordered by a previous board order. Effective 5/19/99. Case #LS9905194APP

LOWELL M KOEHLER
LICENSED APPRAISER EDUCATION
SUN PRAIRIE WI
Made a series of factual errors or misrepresentation concerning comparable sales, and concluded a value which was completely unsupported. Effective 11/17/99. Sec. 458.26(3)(c), Stats. RL 86.01(1) Case #LS9911172APP

KARL S. MAY EDUCATION/
CERTIFIED RESIDENTIAL APPRAISER COSTS
STURGEON BAY WI
Engaged in conduct which evidenced a lack of knowledge or ability to perform professional principles or skills. Complete education relating to lake frontage appraisal related training. Effective 8/26/99. Sec. 458.26(3)(c), Stats. RL 86.01(2) Case #LS9908267APP

Department of Regulation and Licensing
Real Estate Appraisers Board
P.O. Box 8935
Madison, WI 53708-8935

RETURN SERVICE REQUESTED

REGULATORY DIGEST

Bulk Rate
U.S. Postage
Paid
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Telephone Directory

The Division of Business Licensure & Regulation has a menu telephone system which is designed to more efficiently direct the caller to the appropriate section. The telephone number for staff is:

(608) 266-5511

After dialing this number you are asked to press 1, 2, 3 or 4. For the following requests, please press extension numbers as noted:

| | |
|--|-----------------|
| Application Forms | Ext. 11 |
| Complaints Against Licensees | Ext. 12 |
| Application Processing & Requirements | Ext. 42 |
| Whether A Person Is Registered | Ext. 442 |
| Fax Number (608) 267-3816 | |

Verifications

Requests for verifications of license, sent to other states must be in writing. **The cost is \$10**. Please make out check or money order to the Department of Regulation and Licensing.

Board Meeting Dates in 2000

February 23, April 26, June 28, August 23, November 15
Exams: May 3-4, 2000 and November 1-2, 2000
All meetings are held at 1400 E. Washington Avenue, Madison WI, and are open to the public and subject to cancellation without notice. Please call to confirm dates.

Visit the Department's Web Site

<http://badger.state.wi.us/agencies/drl/>
Send comments to dorl@drl.state.wi.us

Wisconsin Statutes and Code

Copies of the "Statutes and Administrative Code for the Real Estate Appraisers Board" can be ordered from the Department.

Include your name, address, county and a check payable to the Department of Regulation and Licensing in the amount of \$5.28. The latest edition is dated February, 1998.

Change of Name or Address?

Please photocopy the mailing label of this digest, make changes in name or address, and return it to the Department. Confirmation of changes are not automatically provided.

WIS. STATS. S. 440.11 ALLOWS FOR A \$50 PENALTY TO BE IMPOSED WHEN CHANGES ARE NOT REPORTED WITHIN 30 DAYS.

Subscription Service

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