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STATE OF WISCONSIN

BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF THE DISCIPLINARY

PROCEEDINGS AGAINST:

JOHN D. WALSH,

FINAL DECISION AND ORDER

RESPONDENT

LS0106271APP

The parties to this action for the purpose of Wis. Stats. 227.53 are:

John D. Walsh

539 S. Knowles Ave.

New Richmond, WI 54017

Bureau of Business and Design Professions

Real Estate Appraisers Board

P.O. Box 8935

Madison, WI 53708-8935

Department of Regulation and Licensing

Division of Enforcement

P.O. Box 8935

Madison, WI 53708-8935

The State of Wisconsin, Real Estate Appraisers Board, having considered the Stipulation agreement annexed-hereto of the parties, and resolution of the captioned-matter, makes the following:

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to jurisdiction and authority granted to the Board in Chapter 458, Wis. Stats., and sec. RL 2.12, Wis. Adm. Code, that the Stipulation agreement annexed-hereto, filed by Complainant's attorney, shall be and hereby is incorporated, made an ordered the Final Decision and Order of the State of Wisconsin, Real Estate Appraisers Board.

Let a copy of this Order be served on Respondent by certified mail.

Dated this 27th day of June, 2001.

Paul Vozar

STATE OF WISCONSIN

BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF THE DISCIPLINARY

PROCEEDINGS AGAINST:

JOHN D WALSH,

STIPULATION

RESPONDENT

00 APP 016

Respondent John D. Walsh, his Attorney Joseph P. Earley, and Complainant's Attorney, Henry E. Sanders, Division of Enforcement, having reached agreement for disposition of the captioned matter(s), stipulate and agree as follows:

1. Respondent John D. Walsh (Walsh) of 539 South Knowles Avenue, New Richmond, Wisconsin 54017, is and was at all time material to the complaint, certified as a Certified General Appraiser (#454), and had been so certified under the provisions of Ch. 458, Wis. Stats., since August 4, 1993.

a. This Stipulation is dispositive of Investigative Complaint #00 APP 016

2. The Stipulation shall be submitted to the Real Estate Appraisers Board (Board) for approval and disposition of the matters. If the terms of the Stipulation are not acceptable to the Board, then the parties shall not be bound by any of the provisions of the Stipulation.

3. Respondent has been advised of his right to a public hearing on each and every allegation of the complaint, but hereby freely and voluntarily waive his right to a hearing in these matters on the condition that all provisions of this Stipulation be acceptable to and approved by the Board.

a. Respondent further agrees to waive any appeal of the Board's Final Decision and Order Adopting the Stipulation Agreement.

4. By Final Decision and Order dated February 26, 1997 (Exhibit "A" attached hereto), Respondent Walsh was disciplined by the Real Estate Appraisers Board for various violations of Wisconsin Statutes, Administrative Rules Regulating Appraisers, and USPAP.

5. The Department received a complaint from Wisconsin Department of Transportation (DOT) against Respondent regarding an appraisal Respondent performed "as of August 15, 2000."

6. The subject appraisal was of property being considered eminent domain by D.O.T., and Respondent performed the appraisal on behalf of the landowner. Upon receipt of the subject appraisal report at D.O.T., it was not deemed credible and was submitted to a D.O.T.'s review appraiser for review who concluded generally that he did not actually perform a review of the appraisal report because "it was so incomplete," that Respondent concluded a value for the subject property with no analysis or comparison of support for his value (did not confirm any of the comparables), and did not provide any justification for the market value that he arrived at.

7. The subject appraisal report was submitted to the Case Advisor/Certified General Appraiser Board Member for review and analysis for conformity with USPAP.

8. The Case Advisor's review of the subject appraisal elicited "a terrible appraisal" from him, and the Case Advisor randomly selected for further review from Respondent's 1999-2000 roster of appraisals performed, six (6) appraisals for review and analysis for conformity with USPAP.

9. The Case Advisor concluded variously, and in pertinent part, per his reviews that:

The subject complaint alleges that, among other things, (the report) "concludes a value for the subject of \$195,000 with no analysis or comparison or support for the value concluded. The report does not comply with USPAP."

After examining the alleged "appraisal" report prepared and signed by the Respondent, my conclusion supports the allegations made by the Complainant in the Complaint dated 9/11/00 and further indicates that the person who prepared this report lacked minimum competence to complete the assignment undertaken as required by

In support of these conclusions, the following observations are offered:

In general, in the report examined, the following deficiencies were noted:

1. Respondent failed to properly identify the nature and scope of the assignment which apparently involved an eminent domain situation requiring estimating the just compensation, including severance damages, if any, to be awarded to the owners of the fee for a partial acquisition of 0.31 acres in new right-of-way from the 1.22 acre site, which included 0.31 acres of existing right-of-way, plus acquisition of a temporary limited highway easement (TLE) of 0.12 acres according to the "Schedule of Lands and Interest to Be Acquired" for WISdot Project No. 1570-17-212, Parcel No. 50 identified on Sheet 4.16 of said schedule in violation of the **Ethics Rule**, the **Competency Rule**, the **Department Rule** and **Standards Rule 1-1(a)(b) and (c)**. Normal methodology recognized by courts for years in this situation is typically three separate appraisals of the "before acquisition real property", of the "after acquisition real property" and of the "part of the real property acquired" commonly referred to as the "before value", the "after value" and the "value of the part acquired".

2. Respondent also failed to properly identify the client and other intended users; properly identify the intended use of the "appraiser's" opinions and conclusions; failed to identify the purpose of the assignment, including the type and definition of the value to be developed; failed to identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal; and failed to identify the scope of work necessary to complete the assignment in violation of **Standards Rule 1-2(a)(b)(c)(e)(i)(ii)(iii)(iv) and (v) and (f)**.

3. Respondent also failed to properly and fully identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, and market area trends; failed to develop an opinion of the highest and best use of the real estate in violation of **Standards Rule 1-3(a) and (b)**.

4. Respondent failed to verify and analyze such comparable sales data as are available to indicated a value conclusion; failed to properly analyze the comparable sales; failed to properly develop and support an opinion of site value by an appropriate appraisal method or technique; failed to correctly identify and analyze comparable cost data and correctly identify and analyze the difference between cost new and present worth of the improvements resulting in an exaggerated and unsupported opinion of value; failed to correctly and adequately analyze financial data available including rental data; analyze income and operating expense data; analyze data as to estimate capitalization and/or rates of discount; and failed to base data on reasonably clear and appropriate evidence in violation of Standards Rule 1-4(a)(b)(i)(ii)(iii) and (c)(i)(ii)(iii)(iv).

Respondent failed to properly and adequately reconcile the quality and quantity of the data available and analyzed within the approaches used and the applicability or suitability of the approaches used in violation of Standards Rule 1-5(c).

5. The Respondent failed to prepare and report a value estimate that even comes close to the minimum competency expected of licensed appraisers in the State of Wisconsin in violation of **Standards Rule 2-1(a)(b) and (c)**.

6. The Respondent failed to state that the subject "appraisal" was either self-contained report, summary report to restricted use report and failed to prepare the appraisal report in a manner consistent with any of the above types of reports in violation of Standards Rule 2-2 (a)(i)(ii)(iii)(iv)(v)(vii)(viii)(ix) (x)(xi) and (xii); (b)(k)(ii)(iii)(iv)(v)(vii)(viii)(xi)(x)(xi) and (xiii); and (c)(i) (ii)(iii)(iv)(v)(vii)(xiii)(iv)(x)(xi) and (xii).

7. The Respondent failed to certify that he had no bias with respect to the property that was the subject of the report; failed to develop his analyses, opinions and prepare the report in conformity with the Uniform Standards of Professional Appraisal Practice in Violation of Standards Rule 2-3.

In essence, the Respondent failed to comply with most of the rules and regulations and procedures required of a credentialed appraiser in Wisconsin and, in effect, produced an "appraisal report" consisting of a minimal description of the premises inspected and a series of alleged "values" that were completely unsubstantiated by any credible analysis or evidence which report he submitted to the Wisconsin Department of Transportation over

his signature in order to persuade the WISdot to pay an exorbitant sum of taxpayer monies for a part of a real property that apparently was worth much less in value.

In order to verify that this work product of the Respondent was not an isolated aberration prepared, perhaps under extreme stress, a sampling of six work products from the past two years were randomly selected from an inventory of work products prepared by the Respondent.

Specifically, as to **Parcel #24**

The report, identified by the Respondent as an "Appraisal" was a report prepared for Security State Bank of Marine, ATT: Bob Jennissen, 12745 Lake Blvd., Lindstrom, MN 55045.

In general, the report examined, the following deficiencies were noted:

1. Respondent failed to properly identify the nature and scope of the assignment in violation of the **Ethics Rule**, the **Competency Rule**, the **Departure Rule** and **Standards Rule 1-1(a)(b) and (c)**.
2. Respondent also failed to properly identify the client and other intended users; properly identify the intended use of the "appraiser's" opinions and conclusions; failed to identify the purpose of the assignment, including the type and definition of the value to be developed...; failed to identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal; and failed to identify the scope of work necessary to complete the assignment in violation of **Standards Rule 1-2(a)(b)(c)(e)(I)(ii)(iii)(iv) and (v) and (f)**.
3. Respondent also failed to properly and fully identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, the market area trends; failed to develop an opinion of the highest and best use of the real estate in violation of **Standards Rule 1-3(a) and (b)**.
4. Respondent failed to verify and properly analyze such comparable sales data as are available to indicated a value conclusion; failed to properly analyze the comparable sales; failed to properly develop and support an opinion of site value by an appropriate appraisal method or technique; failed to correctly identify and analyze comparable cost data and correctly identify and analyze the difference between cost new and present worth of the improvements resulting in an arbitrary and unsupported opinion of value; failed to correctly and adequately analyze financial data available including rental data; analyze income and operating expense data; analyze data as to estimate capitalization and/or rates of discount; and failed to base data on reasonably clear and appropriate evidence in violation of **Standards Rule 1-4(a)(b)(I)(ii)(iii) and (c)(I)(ii)(iii)(iv)**.
5. Respondent failed to properly and adequately reconcile the quality and quantity of the data available and analyzed within the approaches used and the applicability or suitability of the approaches used in violation of **Standards Rule 1-5(c)**.
6. The Respondent failed to prepare and report a value estimate that even comes close to the minimum competency expected of licensed appraisers in the State of Wisconsin in violation of **Standards Rule 2-1(a)(b) and (c)**.
7. The Respondent failed to state that the subject "appraisal" was either a self-contained report, summary report or restricted use report and failed to prepare the appraisal report in a manner consistent with any of the above types of reports in violation of Standards Rule 2-2(a)(i)(ii)(iii)(iv)(v)(vii)(viii)(ix)(x)(xi) and (xii); (b)(i)(ii)(iii)(iv) (v)(vii)(viii)(xi)(x)(xi) and (xii); and (c)(i)(ii)(iii)(iv)(v)(vii)(xiii)(iv)(x)(xi) and (xii).
8. The Respondent failed to certify that he had no bias with respect to the property that was the subject of the report; failed to develop his analyses, opinions and conclusions and prepare the report in conformity with the Uniform Standards of Professional Appraisal Practice in violation of **Standards Rule 2-3**. In essence, ***the subject report prepared by the Respondent is not a true appraisal for valuation purposes and should not be reasonably relied upon for a market value indication***. The work product falls far below the minimum standards expected of appraisers.

Specifically, as to **Parcel #110**

The report, identified as an "Appraisal" was dated June 14, 1999. There was no cover nor letter of transmittal included with the report. Ergo, the client could not be determined. The report includes vanilla data that could have come from a golf card or course brochure. There is no indication of Class of golf course appraised, nor a description of the terrain, nor an indication of competitive courses in

the area.

In general, in the report examined, the following deficiencies were noted:

1. Respondent failed to properly identify the nature and scope of the assignment in violation of the **Ethics Rule**, the **Competency Rule**, the **Departure Rule** and **Standards Rule 1-1(a)(b) and (c)**.
2. Respondent also failed to properly identify the client and other intended users; properly identify the intended use of the "appraiser's" opinions and conclusions; failed to identify the purpose of the assignment, including the type and definition of the value to be developed... failed to identify the characteristics of the property that are relevant to the purpose and intended use of the appraisal; and failed to identify the scope of work necessary to complete the assignment in violation of **Standards Rule 1-2(a)(b)(c)(e)(i)(ii)(iii)(iv) and (v) and (f)**.
3. Respondent also failed to properly and fully identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic demand, the physical adaptability of the real estate, and market area trends; failed to develop an opinion of the highest and best use of the real estate in violation of **Standards Rule 1-3(a) and (b)**.
4. Respondent failed to verify and properly analyze such comparable sales data as are available to indicated a value conclusion; failed to properly analyze the comparable sales; failed to properly develop and support an opinion of site value by an appropriate appraisal method or technique; failed to correctly identify and analyze comparable cost data and correctly identify and analyze the difference between cost new and present worth of the improvements resulting in an arbitrary and unsupported opinion on value; failed to correctly and adequately analyze financial data available including rental data; analyze income and operating expense data; analyze data as to estimate capitalization and/or rates of discount; and failed to base data on reasonably clear and appropriate evidence in violation of **Standards Rule 1-4(a)(b)(i)(ii)(iii) and (c)(i)(iii)(iv)**.
5. Respondent failed to properly and adequately reconcile the quality and quantity of the data available and analyzed within the approaches used and the applicability or suitability of the approaches used in violation of **Standards Rule 1-5(c)**.
6. The Respondent failed to prepare and report a value estimate that even comes close to the minimum competency expected of licensed appraisers in the State of Wisconsin in violation of **Standards Rule 2-1(a)(b) and (c)**.
7. The Respondent failed to state that the subject "appraisal" was either a self-contained report, summary report or restricted use report and failed to prepare the appraisal report in a manner consistent with any of the above types of reports in violation of Standards Rule 2-2(a)(i)(ii)(iii)(iv)(v)(vii)(viii)(ix)(x)(xi) and (xii); (b)(i)(ii)(iii)(iv) (v)(vii)(viii)(xi)(x)(xi) and (xii); and (c)(i)(ii)(iii)(iv)(v)(vii)(xiii)(iv)(x)(xi) and (xii).
8. The Respondent failed to certify that he had no bias with respect to the property that was the subject of the report; failed to develop his analyses, opinions and conclusions and prepare the report in conformity with the Uniform Standards of Professional Appraisal Practice in violation of **Standards Rule 2-3**. In essence, *the subject report prepared by the Respondent is not a true appraisal for valuation purposes and should not be reasonably relied upon for a market value indication*. The work product falls far below the minimum standards expected of appraisers.
9. It was also noted that the Respondent stated in the penultimate paragraph above his signature that (his) "**analyses, opinions and conclusions were developed and this report has been prepared in conformity with the UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE**."...when, in fact, **the report was not prepared in accordance with USPAP requirements in direct violation of the Ethics Rule of USPAP**.

A cursory examination of the other four (4) work products submitted by the Respondent resulted in the same poor work products, all of which violated the requirements of both State Statutes and USPAP and none of which achieved minimum competency or were credible appraisals potentially exposing the client/leaders to possible future monetary losses in the event of a foreclosure.

Based on the examinations of the above alleged "appraisals" by the Respondent, it is my conclusion that none of these "appraisals" were a legitimate appraisal.

10. Accordingly, based upon the above enumerated findings and or conclusions, Respondent has generally and variously violated the USPAP's standard rules cited, supra, and additionally, is deemed to have variously violated secs. 458.26(3)(b)-(c), Wis. Stats., (b) engaged in unprofessional or unethical conduct in violation of rules

promulgated under sec. 458.24, Stats., (c) engaged in conduct while practicing as an appraiser which evidences a lack of knowledge or ability to apply professional principles or skills; and violated secs. RL 86.01(1)-(2), (6), Wis. Adm. Code, (1)...Appraisers shall comply with the standards of practice established by Ch. 458, Stats., and Chs. RL 80-86, and USPAP, (2) All appraisals...shall conform to USPAP, and (6). ...Appraisers shall not offer to perform nor perform, services which he or she is not competent to perform through education or experience.

11. Accordingly, based upon the above and in settlement of these matters, Respondent hereby consents, accepts and agrees to be reprimanded, take and successfully complete a minimum of 15 hours of commercial appraisal and or eminent domain appraisal related education-which is not to be credited towards Respondent's required continuing education, pay \$500.00 part assessment of costs; and that his certified general certification will be limited to only be allowed to perform residential appraisals, except as provided in Paragraph 12.

12. Respondent shall perform no commercial or eminent domain type appraisals without the supervision and or assistance of another certified general appraiser, which supervising appraiser shall review and sign any such appraisal report(s) pursuant to USPAP Standards Rules 2-3 and 2-5.

13. The term of such supervision shall be for a minimal period of one (1) calendar year commencing on the effective date of the Board's Order Adopting the Stipulation Agreement, except that, at a minimum of a six (6) month period, if the supervising appraiser approves, attest and notify the Department's monitor in writing that Respondent's work product(s) is up to acceptable USPAP standards, in the Board's discretion, if it permits Respondent to independently perform commercial/eminent domain type of appraisals, Respondent shall be required to perform three (3) complete self-contained appraisals for the Board's review and analysis for conformity with USPAP.

14. If the Board's review is favorable, the Board may, in its discretion, remove the ordered limitation(s) on Respondent's appraisal certification. If the Board's review is not favorable, then the Board, in its discretion, may impose any limitations or conditions on Respondent's certificate it deems appropriate.

15. The \$500.00 part assessment of costs shall be payable by cashier's check or money order made payable to the Department of Regulation and Licensing and submitted to the Department Monitor, hereinafter, within one (1) month of the effective date of the Board's Order Adopting the Stipulation Agreement.

16. The ordered appraisal education shall be completed within six (6) months of the effective date of the Board's Order. If Respondent should fail to take and successfully complete the education as ordered, or fails to get written permission for an extension from the Board, then Respondent shall be considered to be in violation of the Board's Order and may be subjected to further discipline.

17. The \$500.00 assessment of cost and proof of successful completion of the ordered education shall be submitted to:

Marlene Meyer

Department Monitor

P.O. Box 8935

Madison, WI 53708-8935

18. Respondent agrees that this Stipulation Agreement may be incorporated into the Board's Final Decision and Order Adopting the Stipulation Agreement.

19. Respondent further agrees that Complainant's Attorney Sanders, and the Case advisor assigned to the Complaint, may appear at any closed-deliberative meeting of the Board with respect to the Stipulation, but those appearances will be limited solely to clarification, justification and to statements in support of the stipulation and for no other purpose; and conditioned on the understanding that the Case Advisor will not object to the stipulated agreement.

John D. Walsh, Respondent	5-8-01
Joseph P. Earley, Respondent's Attorney	5-8-01
Henry E. Sanders, Complainant's Attorney	5-11-01