

# WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF THE DISCIPLINARY  
PROCEEDINGS AGAINST

MELANIE J. HORKMAN  
RESPONDENT.

:  
:  
:  
: FINAL DECISION AND ORDER  
:  
: LS0702283APP

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Division of Enforcement Case No. 05 APP 059

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

Melanie J. Horkman  
PO Box 2511  
Green Bay, WI 54306

Wisconsin Real Estate Appraisers Board  
P.O. Box 8935  
Madison, WI 53708

Department of Regulation and Licensing  
Division of Enforcement  
P.O. Box 8935  
Madison, WI 53708-8935

The parties in this matter agree to the terms and conditions of the attached Stipulation as the final disposition of this matter, subject to the approval of the Real Estate Appraisers Board (Board). The Board has reviewed this Stipulation and considers it acceptable. Accordingly, the Board in this matter adopts the attached Stipulation and makes the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. Melanie J. Horkman, (DOB 02/01/50), is licensed as a certified residential appraiser in the state of Wisconsin having license # 9-613, which was first granted on 02/19/93.
2. Ms. Horkman's most recent address on file with the Wisconsin Department of Regulation and Licensing is PO Box 2511, Green Bay, WI 54306.
3. On or about March 5, 2002, Ms. Horkman prepared a written appraisal report on behalf of Premium Financial Services Inc. for property located at 1872 Cross Rd., Sobieski, WI. The loan office at Premium Financial Services Inc. received information which conflicted with Ms. Horkman's appraisal. Ms. Horkman's appraisal was forwarded to the Department of Regulation and Licensing.
4. Ms. Horkman initially received the order for an appraisal in July of 2001, when the house was under construction. She obtained the construction plans, conducted a physical inspection of the site, and prepared an appraisal based on the plans. The property owner asserted to her at that time that the basement had been roughed in and he intended to complete the house in accordance with the plans, which were for a home of 2920 square feet, including a 920 sq. ft. finished basement.
5. Before Ms. Horkman completed her work in July of 2001, the order for an appraisal report was

cancelled.

6. After Ms. Horkman visited the site, the owner's wife became gravely ill, causing him to change the plans and construct a house of 1326 sq. ft. of living space, with a completely unfinished lower level.

7. In March of 2002, the lender contacted Ms. Horkman and asked her to complete an appraisal report for the property. She visited the site again and took some exterior photos but failed to inspect the interior and failed to notice that the house had not been constructed according to the original plans. She reported that the basement was 50% completed when it was completely unfinished. She reported that the house had six rooms with three baths when it actually had five rooms with two baths. She reported that the house had 2920 square feet, when it actually had 1326 sq. ft. The appraisal report she filed was as of March 5, 2002 and Ms. Horkman checked the box stating that "This appraisal is made 'as is'."

8. The appraisal for the 1872 Cross Rd., Sobieski property was reviewed by the Department and it was determined that the appraisal did not meet the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

The subject description does not include a legal description or parcel number.

The value opinion exceeds range for single family housing in the described neighborhood.

The present land use is inaccurately reported.

The subject zoning and lot dimensions are not reported.

The lot topography is inaccurately reported.

There are numerous reporting errors such as "existing" not proposed, has 920 SQ Ft of living area on the second level (ranch style home), central air in good condition, with "many" driveways, appraisal made "as is".

The Cost Approach was incorrectly developed.

There was no support for the land value (\$50,000 in Cost Approach, \$70,000 last sale amount).

The basement was included in the above grade Cost Approach, with the same (low) value used for the entire building, and no value for the unfinished basement.

No depreciation was reflected in the cost approach for a proposed structure.

There was no value for site improvements or amenities.

Based on the errors and omissions cited above, violations of the Record Keeping and Competency Rule also apply.

#### CONCLUSIONS OF LAW

1. The Wisconsin Real Estate Appraisers Board has jurisdiction to act in this matter pursuant to Wis. Stat. sec. 458.26, and is authorized to enter in the attached Stipulation pursuant to Wis. Stat. sec. 227.44 (5).

2. The conduct described above in paragraph 4 constitutes a violation of:

a. USPAP Standards Rule 1-1 (a) (b) (c) Developing an Appraisal;  
"be aware of, understand, and correctly employ...methods"  
"not commit a substantial error of omission or commission"  
"not render appraisal services in a careless or negligent manner"

b. USPAP Standards Rule 1-2 (a) (b) (e) (f) (g) (h) Developing an Appraisal;  
"identify the client and other intended user:"  
"identify the intended use"  
"identify the characteristics of the property"  
"identify the scope of work"  
"identify any extraordinary assumptions"  
"identify any hypothetical conditions"

b. USPAP Standards Rule 1-4(h), Appraising Proposed Improvements; “plans, specifications, or other documentation sufficient to identify the scope and character of the proposed improvements.”

3. As a result of the above violations, respondent is deemed to have also violated Wis. Adm. Code § RL 86.01 (2), and Wis. Stat. § 458.26(3)(c), by failing to conform her appraisals to USPAP, and by engaging in conduct while practicing as an appraiser which evidences a lack of knowledge or ability to apply professional principals or skills.

### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Respondent **Melanie J. Horkman**, within one year of the date of this Order, shall successfully **complete an Appraisal Institute course in the basics and the application of the Cost Approach, a course in the Basic Appraisal Procedures plus Advanced Sales Comparison & Cost Approach or Residential Site Valuation & Cost Approach or a similar course.**

2. Respondent shall submit proof of the same in the form of verification from the institution providing the education to the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that are or may be instituted by the Board or the Department of Regulation and Licensing.

3. Respondent **Melanie J. Horkman’s** appraiser license (#9-613) shall be LIMITED for a period of at least one (1) year commencing ten (10) days from the date of this Order as follows:

a. Respondent shall not provide any supervisory services or assistance for an \_\_\_\_\_ appraisal completed by anyone other than her.

b. Respondent shall not rely on any trainee, clerical staff and/or office assistant to provide research assistance.

c. Respondent shall maintain a work file for every appraisal that includes a hard \_\_\_\_\_ copy of the assignment from the lender, that adequately documents the listing or \_\_\_\_\_ sales history for the subject property, and that includes a survey map or plat map \_\_\_\_\_ or lot size dimensions, and the legal description of the subject property and copies \_\_\_\_\_ of plans and specifications for proposed construction.

4. Respondent may submit a written request to the Board to remove the limitations on her license after the one year period has expired. The request shall be accompanied by an affidavit from the Respondent that she has complied with the limitations, and a list of the appraisals completed during the period of limitation. Prior to granting the request, the Board or Department may request further information and documentation from the Respondent, including copies of appraisal reports and work files. The Board may approve or deny the request.

5. Respondent **Melanie J. Horkman** shall, within 60 days of the date of this Order, pay **COSTS** of this proceeding in the amount of \$1,200.00.

6. Proof of successful class completion, payment of costs (made payable to the Wisconsin Department of Regulation and Licensing), and any request for removal of the limitations, shall be mailed, faxed or delivered to the Department Monitor at this address:

Department Monitor  
Division of Enforcement  
Department of Regulation and Licensing

7. Violation of any of the terms of this Order may be construed as conduct imperiling public health, safety and welfare and may result in a summary suspension of Respondent's license. The Board in its discretion may in the alternative impose additional conditions and limitations or other additional discipline for a violation of any of the terms of this Order. In the event Respondent fails to timely submit any payment of the forfeiture and/or costs as set forth above, or fails to complete the education as ordered, Respondent's license # 9-613 SHALL BE SUSPENDED, without further notice or hearing, until Respondent has complied with the terms of this Order.

8. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE APPRAISERS BOARD

by: Mark P. Kowbel  
A Member of the Board

2/28/07  
Date