

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF THE DISCIPLINARY :
PROCEEDINGS AGAINST :
: FINAL DECISION AND ORDER
GERALD T. JARDINA, :
RESPONDENT. : LS07091210APP

Division of Enforcement Case Nos. 05 APP 083 and 07 APP 002

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

Gerald T. Jardina
5200 Washington Avenue, Suite 200
Racine, WI 53406

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 and Conclusions of Law and Order:

FINDINGS OF FACT

1. **Gerald T. Jardina** (DOB 09/14/43) is a duly certified residential appraiser in the state of Wisconsin having certification # 9-745, which was first granted on 10/07/93.
2. Mr. Jardina's most recent address on file with the Wisconsin Department of Regulation and Licensing is 5200 Washington Avenue, Suite 200, Racine, WI 53406.

3. On or about August 18, 2005, Mr. Jardina prepared a written appraisal for purposes of a divorce proceeding of property located at 1734 Derby Avenue, Mount Pleasant, Wisconsin.

4. Mr. Jardina's entire appraisal consists of a one page letter to the party for whom it was prepared. Mr. Jardina's appraisal is attached as Exhibit 1, and incorporated herein by reference.

5. Mr. Jardina's appraisal of the property at 1734 Derby Avenue, Mount Pleasant, Wisconsin was reviewed by the Department and it was determined that the appraisal violated all of the applicable Uniform Standards of Professional Appraisal Practice (USPAP).

6. When the Department questioned Mr. Jardina about his appraisal, Mr. Jardina stated that it was his understanding that USPAP applied only to appraisals involving federally related transactions, and that because this appraisal was done for a divorce action he did not believe that USPAP applied. Mr. Jardina stated that only after notification of the complaint against him did he recall that in Wisconsin all appraisals must comply with USPAP.

Count II: Case No. 07 APP 002

7. On or about April 8, 2006, Mr. Jardina signed an appraisal report for property located at 2037 Charles Street, Racine, Wisconsin 53402. This appraisal report showed a market value of \$120,000.

8. This appraisal report was prepared with Mr. Jardina's supervision by an unlicensed appraiser trainee employed by Mr. Jardina.

9. As the supervising appraiser for this appraisal report, and the person who actually signed the appraisal report, Mr. Jardina is responsible for the contents of this report.

10. This appraisal report was reviewed by the Department's Real Estate Appraiser Application Advisory Committee as part of the application materials submitted by the unlicensed trainee who was seeking licensure in Wisconsin. Review of this appraisal report revealed the following USPAP violations:

a. S.R.1-1 Developing an Appraisal and S.R. 2-1 Report Not Misleading, by the combination of the concerns detailed further below.

b. S.R. 1-4(a) Sales Comparison Approach by the selection of comparables. The subject is a duplex in Racine yet only one of the comparables used is a duplex—the other two comparables selected are 3-family properties and none were in close proximity to the subject. The only duplex used as a comparable sold for \$105,663 and produced an adjusted price of \$97,163. The 3-family comparables sold for \$133,300 and \$146,000 and produced adjusted prices of \$123,500 and \$134,000. As duplexes are fairly common in the market, it is unclear as to why 3-families were selected as comparables. Since no explanation is provided in the report, it leads to speculation that the 3-family comparables were used to produce a higher value especially after a further analysis of the conclusions below:

The comparables produced adjusted per dwelling unit prices of \$41,167 to \$48,582; the appraiser concluded at \$60,000 per dwelling unit (\$120,000)

The comparables produced adjusted per room prices of \$8,097 to \$10,292; the appraiser concluded at \$13,333 per room (\$119,997)

The comparables produced adjusted per bedroom prices of \$16,194 to \$20,583; the appraiser concluded at \$40,000 per bedroom (\$120,000)

The comparables produced adjusted per square foot prices of \$44.91 to \$64.78; the appraiser concluded at \$75.00 per square foot (\$120,000)

None of the concluded unit prices fall within the adjusted ranges set by the market data,

yet all produce value conclusions at or very close to \$120,000. The Sales Comparison Approach is given greatest weight, yet is questionable at best and appears to produce an inflated value conclusion.

c. S.R. 1-4(b) Cost Approach by failing to develop the Cost Approach despite the reconciliation stating that all three approaches to value “provided good indicators of value.”

d. S.R. 1-4(c) Income Approach by using a Gross Rent Multiplier (GRM) that produced an unsupported value near \$120,000—the value the appraiser ultimately reached. The comparables selected produced GRMs of 78 to 86, yet the appraiser concluded a GRM of 92, resulting in a total value of \$119,600. The multiplier was applied to the appraiser’s estimated market rent, which the appraiser estimated to be \$1,300--\$700 for the lower unit and \$600 for the upper unit. The lower unit is currently vacant while the upper unit is leased for \$395. The appraiser fails to reconcile the difference between the actual contract rent and the appraiser’s opinion of value, making the market rent estimates questionable.

e. S.R. 2-2(b)(vii) and S.R. 2-3 Certification by failing to identify in the appraisal report that the trainee contributed assistance to the appraisal signed by Mr. Jardina. A letter in the investigative file signed by Mr. Jardina and the trainee details the extensive contributions the trainee provided, yet those contributions are not noted in the report. Mr. Jardina’s signed certification certifies that “[i]f I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report.” Mr. Jardina failed, however, to name the trainee in the report and therefore his certification is misleading and inaccurate.

CONCLUSIONS OF LAW

1. The Wisconsin Real Estate Appraisers Board has jurisdiction to act in this matter pursuant to Wis. Stat. § 458.26, and is authorized to enter in the attached Stipulation pursuant to Wis. Stat. § 227.44(5).
2. The conduct described above in paragraphs 3-6 constitutes a violation of 2005 USPAP, all Standards Rules.
3. The conduct described above in paragraphs 7-10 constitutes a violation of:
 - a. 2006 USPAP Standards Rule 1-1;
 - b. 2006 USPAP Standards Rule 1-4(a,b,c);
 - c. 2006 USPAP Standards Rule 2-1;
 - d. 2006 USPAP Standards Rule 2-2(b)(vii); and
 - e. 2006 USPAP Standards Rule 2-3.
4. The conduct described above in paragraphs 3-10 constitutes a violation of Wis. Admin. Code § RL 86.01(2), which requires that all appraisals performed in Wisconsin, for both federally related transactions and non-federally related transactions, conform to USPAP.
5. As a result of the above USPAP violations, Mr. Jardina is deemed to have also violated Wis. Admin. Code § 86.01(2), thereby subjecting himself to discipline pursuant to Wis. Admin. Code § 86.01(1) and Wis. Stat. § 458.26(3)(b) and (c).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The **VOLUNTARY SURRENDER** of the certified residential appraiser certification of **Gerald T. Jardina**, certification # 9-745, is hereby **ACCEPTED**.
2. IT IS FURTHER ORDERED that all rights and privileges granted to Respondent **Gerald T. Jardina** pursuant to certified residential appraiser certification # 9-745 are forever terminated, effective September 30, 2007. Mr. Jardina shall submit all indicia of licensure to the Department within 30 days from the date of this Order.
3. Respondent **Gerald T. Jardina** shall not seek to renew his certified residential appraiser certification or apply for licensure or certification as an appraiser in the State of Wisconsin in the future.
4. Respondent **Gerald T. Jardina** shall, within 60 days of the date of this Order, pay **COSTS** of this matter in the amount of \$ 800.00.
5. Payment of costs (made payable to the Wisconsin Department of Regulation and Licensing) and indicia of licensure shall be mailed or delivered to the Department Monitor at this address:

Department Monitor
Division of Enforcement
Department of Regulation and Licensing
P.O. Box 8935, Madison, WI 53708-8935
Telephone (608) 261-7904, Fax (608) 266-2264

6. 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 costs as set forth above, or fails to submit indicia of licensure as ordered, Respondent's license # 9-745 SHALL BE SUSPENDED, without further notice or hearing, until Respondent has complied with the terms of this Order.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

by: Marla Britton
A Member of the Board

9/12/07
Date