

# 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 :  
DISCIPLINARY PROCEEDINGS :  
AGAINST : **FINAL DECISION**  
**JAMES A. CARRON,** : **AND ORDER**  
RESPONDENT : LS0709125APP

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Division of Enforcement Cases 06 APP 115 and 07 APP 009

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

James R. Carron  
1109 Spruce St.  
West Bend, WI 53090

Wisconsin 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

### **PROCEDURAL HISTORY**

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 Wisconsin Real Estate Appraisers Board (“Board”). The Board has reviewed this Stipulation and considers it acceptable. Accordingly, the Board adopts the attached Stipulation in this matter and makes the following Findings of Fact, Conclusions of Law, and Order:

### **FINDINGS OF FACT**

1. James A. Carron is licensed in the State of Wisconsin as a real estate appraiser having license number 4-1411. This lic was first granted to him on January 31, 2002. Mr. Carron’s most recent address on file with the Department of Regulation and Licensing (“Department”) is 1109 Spruce St., West Bend, WI 53090.

#### Case 06 APP 115 - Appraisal of 7215 Joy Marie Lane, Waterford, Wisconsin

2. On July 27, 2006, Mr. Carron prepared an appraisal report for property at 7215 Joy Marie Lane, Waterford, Wisconsin as of July 20, 2006.

3. Mr. Carron’s appraisal report was reviewed by the Department and it was determined that it did not meet the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

#### **S.R. 1-2b Intended Use**

The pre-printed text in the form indicates that the intended use is mortgage financing. Instead, the intended use was

divorce proceedings. The appraiser should have changed the form so that the correct intended use was provided.

### **S.R. 1-2c Purpose and Reasonable Market Exposure Time**

Mr. Carron does not provide an opinion of reasonable exposure time linked to the value opinion (see the comment below S.R. 1-2(c)(iv)).

### **S.R. 1-2e Property Characteristics**

Mr. Carron admits to some typographic errors relating to the property; these are not considered significant. However, his response to the criticism about association fee and lake access are of concern. Just because the client did not divulge this information voluntarily does not mean that Mr. Carron should not have been aware of the potential, particularly for lake access, and this question should have been asked (over the telephone of the client) or investigated in a different manner. Did the comparable sales have lake access? This is a value adding item, so it is an important omission.

### **SR. 1-3a Land Use Regulations**

The specific zoning classification should have been provided. "Single family residential" is generally a permitted use within a specific zoning classification. Information in the complaint indicates that the zoning class is R-8; if that is the correct zoning classification, it should have been noted in the report.

### **S.R. 1-3b Highest and Best Use**

No Highest and Best Use analysis was provided; Mr. Carron simply checked a box.

### **S.R. 1-4a Sales Comparison Approach**

Mr. Carron doesn't provide any explanation.

- Why are there no site adjustments? Sales 5 and 6 have sites which are less than half the size of the subject's site in size.
- Do all of the properties have the same water/sanitation; i.e. private vs. public?
- What is the rationale behind the age adjustments which appear to be very specific?
- Bath, garage, jetted tub, and fireplace adjustments are exceedingly low.

### **SR. 1-4b. Cost Approach**

Mr. Carron states in the report that the land value was taken "from sales of similar sized sites in the area," but he states in his response that "Appraiser used the Assessor's lot value due to the complete lack of lot sales in the area."

There are several concerns on this point:

- These two statements contradict each other
- Using the assessed value for the land is not an appropriate appraisal method or technique, and this standards rule requires that the land be valued by an appropriate appraisal method or technique.

If actual sales were used, the fact that they were not provided in the report makes this a restricted report, not a summary report, per S.R. 2-2.

The depreciation adjustment is very low for a 12 year old house.

### **S.R. 1-4c. Income Approach**

Mr. Carron gives no explanation for omission of the Income Approach to value.

### **S.R. 1-4g Personal Property, etc**

Mr. Carron references appliances in the sales comparison grid but doesn't indicate if they are included in the final value opinion.

### **S.R. 1-6 Reconciliation**

There is none contained in the report; i.e., there is no discussion of the strengths/weaknesses of the two approaches to value which were provided.

4. On June 17, 2005, Mr. Carron prepared an appraisal report for property at 5352 N. Santa Monica Blvd in Whitefish Bay, Wisconsin as of June 15, 2005.

5. Mr. Carron's appraisal report was reviewed by the Department and it was determined that it did not meet the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

### **S.R. 1-1 Developing an Appraisal and S.R. 2 Report Not Misleading**

The combination of the concerns referenced below leads to the conclusion that these standards rules have been violated.

#### **S.R. 1-2a Client and Intended User(s)**

The report does not identify the intended user(s). It is not acceptable to require the reader to infer that the intended user is the lender/client.

#### **S.R. 1-2c Purpose and Reasonable Market Exposure Time**

Does not provide an opinion of reasonable exposure time linked to the value opinion (see the comment below S. R. 1-2(c)(iv)).

#### **S.R. 1-2e Property Characteristics**

There is a question regarding the physical size of the property, and based on the information available, the GLA, particularly for the second floor, appears to be significantly overstated.

Assessment records show the house to be 1,554 sq. ft. with all rooms on the main floor. This is the same size used in the second, retrospective appraisal and in the expired listing, although the listing shows one room on the second floor. The retrospective appraisal indicates that the size is taken from county records.

It is difficult to determine the actual square footage based on the information provided, however, the following observations are made from the information available. The MLS listing for the subject indicates that the "second story is open unfinished space with 3 bedroom in front over the living room" and "second floor stairway is in the rear leading up to space ready to be finished." The Realtor who had the property listed for sale in 2005 indicates that there was only one room on the second floor which was finished and that it was 9 X 10' or 90 sq. ft. Mr. Carron's work file shows only one room (a bedroom) on the second floor, and he indicates that the second floor is 868 sq. ft. This would be a huge bedroom. The photographs of the subject all show sloping a sloping roof line for the second floor, yet Mr. Carron indicates that the second floor width is the same as that for the first floor. Industry standards indicate that finished second floor area with a 5' height or greater is to be used in GLA.

Mr. Carron's appraisal report states "nothing adverse" for view. Mapquest placement of the subject shows the house to be on a major arterial, and the retrospective appraisal indicates that it is on a "busy street." Heavy traffic would have an adverse impact on value.

The listing Realtor also indicated that the interior was dated with avocado green and similar colors from circa 1960's-1970's and that the kitchen and baths had not been updated.

There is no indication in the report provided to the client of the size/percentage of basement. Is there a full or partial basement?

#### **S.R. 1-3a Land Use Regulations**

The specific zoning classification should have been provided. Mr. Carron indicates "residential"; the retrospective appraisal shows "R- 1 single family residential"; the assessment records do not show zoning.

#### **S.R. 1-3b Highest and Best Use**

No Highest and Best Use analysis was provided; Mr. Carron simply checked a box.

#### **S.R. 1-4a Sales Comparison Approach**

Mr. Carron doesn't provide any explanation for any of the adjustments.

- No explanation for site size adjustments. What is the basis for these adjustments?

- No explanation for the condition adjustments.
- The subject and Sale 3 are each listed as having “appl., c/air,” yet Sale 3 is adjusted up \$2,000. What is this adjustment for?

The level of adjustments for baths (\$1,500), GLA (\$15/sq. ft.), fireplace (\$1,500), and sun room (\$2,500) are very low.

The following value adding features for the sales, as shown on the MLS sheets, are omitted from Mr. Canon’s report. Apparent factual differences are also noted:

Sale 1 - “stripped to the studs...reconstructed by Design Group.” This sale is considered \$15,000 inferior to the subject in condition, but there is no explanation in the report nor in Mr. Carron’s work file as provided to the department regarding what work has been done to the subject to make it in “very good” condition. MLS sheet shows this house to have 1 garage stall; the report shows 2. The MLS shows this house to have 1,251 - 1,500 sq. ft.; Mr. Carron says the house has 2,125 sq. ft. The MLS shows a “designer KIT w/under cabinet lighting & conan counters.” The MLS sheet shows the sales price to be \$389,000; Mr. Canon uses \$398,000.

Sale 2 - 2002 kitchen, fenced yard, leaded glass. This house is listed on the MLS as having 2,001 -2,500 sq. ft.; Mr. Canon uses 2,735 sq. ft. MLS shows 2 full baths; Mr. Carron uses 1.

Sale 3 - leaded glass windows, deck, fenced yard. No explanation for the \$30,000 condition adjustment.

Sale 4 - .5 bath in basement, leaded glass built-ins, updated kitchen.

Sale S - “fantastic KitchenMart designed kitchen ‘05,” screened porch, fenced yard

Sale 6 - “new gourmet KIT,” “marble MBA w/glass spa like shower.”

Since the listing Realtor indicated that the interior of the subject was “dated,” large downward condition adjustments should have been made to Sales 1 and 2, and Sale 3 should not have been adjusted up. Sales 4-6 which were provided at a later date should also all have been adjusted down.

#### **S.R. I-4b. Cost Approach**

Mr. Carron gives no explanation for omission of this approach to value.

#### **SR. I-4c. Income Approach**

Mr. Carron gives no explanation for omission of this approach to value.

#### **S.R. I-4g Personal Property, etc**

References appliances in the sales comparison grid but doesn’t indicate if they are included in the final value opinion.

### **CONCLUSIONS OF LAW**

1. The Wisconsin Real Estate Appraisers Board has jurisdiction to act in this matter pursuant to section 458.26 (3) of the Wisconsin Statutes and is authorized to enter into the attached Stipulation pursuant to sec. 227.44(5), Wis. Stats.

2. Based on the failures to comply with USPAP as listed in paragraphs 3 and 5 above, Respondent James A. Carron violated section RL 86.01 (1) and (2) of the Wisconsin Administrative Code and he is therefore subject to discipline under section 458.26 (3) (i) of the Wisconsin Statutes.

### **ORDER**

NOW, THEREFORE, IT IS ORDERED that the attached Stipulation is hereby accepted.

IT IS FURTHER ORDERED that the Real Estate Appraisers license issued to James A. Carron shall be **SUSPENDED** for a period of **FORTY-FIVE DAYS** commencing five days after the date of this Order. Violation of this term of the 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 this term of the Order.

IT IS FURTHER ORDERED that within six months of the date of this Order, Mr. Carron must successfully complete the following Appraisal Institute courses: either

- the 30-hour course in Basic Appraisal Principles and Procedures; or
- the 15-hour course in Residential Report Writing and Case Studies, plus the 7-hour course in Liability Management for Residential Appraisers, plus the 7-hour course in Residential Sales Comparison Approach.

Mr. Carron shall submit proof of successful completion of the course, including passing the final exam, in the form of verification from the Appraisal Institute to the following address:

Department Monitor  
Department of Regulation and Licensing,  
PO Box 8935, Madison, WI 53708-8935.  
Fax (608) 266-2264  
Tel. (608) 261-7904

None of the education completed pursuant to this order 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. Failure to complete the required education, without an extension granted by the Department Monitor for good cause, may result in 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 this term of the Order.

IT IS FURTHER ORDERED that Mr. Carron pay the Department's costs of this matter in the amount of **\$1, 290.75** within 60 days of the date of this Order. Payment shall be made by certified check or money order, payable to the Wisconsin Department of Regulation and Licensing and sent to the Department Monitor. In the event Mr. Carron fails to pay the costs within the time and in the manner as set forth above, his Real Estate Appraisers license shall be suspended without further notice, without further hearing, and without further Order of the Board, and said suspension shall continue until the full amount of said costs have been paid to the Department of Regulation and Licensing.

IT IS FURTHER ORDERED that files 06 APP 115 and 07 APP 009 be closed.

Dated this 12<sup>th</sup> day of September, 2007.

**WISCONSIN REAL ESTATE APPRAISERS BOARD**

By: Marla Britton  
A member of the Board