

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF DISCIPLINARY :
PROCEEDINGS AGAINST : **FINAL DECISION AND ORDER**
LA RHONDA BLACK, : LS0911162APP
RESPONDENT. :

Division of Enforcement case file 08 APP 044

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

La Rhonda Black
8011 W. Kathryn Avenue
Milwaukee, WI 53218

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. La Rhonda Black is licensed in the State of Wisconsin as a Real Estate Appraiser. License number 4-1910 was first issued to her on August 23, 2005.
2. Ms. Black’s most recent address on file with the Department of Regulation and Licensing (“Department”) is 8011 W. Kathryn Avenue, Milwaukee, WI 53218.
3. Ms. Black performed an appraisal and prepared an appraisal report for property at 8007 West Spokane Street in Milwaukee, Wisconsin as of March 23, 2008.
4. In her appraisal and appraisal report, Ms. Black failed to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rules (S.R.) in the following ways:

Ethics Rule — Management — The invoice indicates a significant discount for undisclosed purposes.

Ethics Rule — Record Keeping — Much of the work-file data is dated after the effective report date, and some does not appear to be relevant to this particular assignment.

Competency Rule — The “Additional Comments” section on form 1004, page 3-of-6 comments on appraising for the

FHA. The appraiser requires additional information and education of FHA guidelines. There is no evidence in the report that the appraiser viewed the site, structural or mechanical systems to the extent desired by their client/FHA. The statements are illogical, inaccurate and misleading to a report user.

Scope of Work Rule — The building sketch is clear evidence that the appraiser did not fully inspect the subject property as stated in the standard scope of work provided in the URAR. It is apparent from the photos that the building footprint is not what appears in the sketch (note the offset garage).

SR 1-1(a) and S.R. 2-2 (b) (viii) — Although not likely necessary to produce credible results, the cost approach was nonetheless applied. Given its application, it is unlikely that a user could reproduce the reported results without additional and more detailed information. Utilizing the site value from assessment records is not a recognized valuation technique. There was no reported remodeling or significant upgrades stated in the report that would account for an effective age of 15 years for a 41-year-old home. Understating depreciation would overstate the results in the cost approach.

SR 1-1(b) and S.R. 2-2 (b) (viii) — No sales history was provided for the subject, when in fact a prior sale had occurred within 3 years.

SR 1-1 (c) and S.R. 2-2 (b) (viii) - The appraisal states that functional and physical deterioration were noted. There is no discussion of these items or their potential impact on effective age.

SR 1-2 (e) and S.R. 2-2 (b) (viii) — There is no discussion of the physical attributes although functional and physical deterioration is noted.

SR 1-3 (b) and SR 2-2 (a,b,c)(ix) — The highest and best use is indicated by a check-box, which is commonly accepted practice but it does not constitute analysis as required by USPAP. The subject was an existing single-family residence, and a single family use meets the criteria of highest and best use. The appraiser should be aware of this requirement.

SR 1-4 (a) and S.R. 2-2 (b) (viii) — The appraiser analyzed three sales, and reportedly added two additional sales at the request of the client. There is no analysis of the sales or level of adjustment. The final value opinion is not supported by the original three sales, nor is it supported by four of the five provided. In the absence of any discussion or reconciliation, this is misleading.

SR 1-4 (b)(i)(il)(iii) and S.R. 2-2 (b) (viii) - The cost approach is not considered necessary for credible results. It was however applied. The site value was not appropriately developed, and the work-file contained no land sale data. Proper application of the cost approach involves the user being able to reproduce the results, this is not the case. The estimate of accrued depreciation appears to be based on the age life method. The subject was built in 1968. In the absence of any significant remodeling, outside of repairs and maintenance items, the effective age is likely closer to actual age. Understating depreciation would overstate the conclusions in the cost approach.

SR 1-5 and S.R. 2-2 (b) (viii) — There was no analysis of a prior sale within three years.

SR 1-6 (a)(b) and S.R. 2-2 (b) (viii) — There is no discussion of the quality and quantity of the data in the reconciliation within the individual approaches. The sales comparison appears to contain only stock and “canned” phrases with no analysis. There is no discussion as to the level of individual adjustments. There is no reconciliation of quality or quantity of data among the approaches other than what appear to be stock comments.

SR 2-1 (a) (b) and SR 2-2 (a,b,c)(lii)(viii) — The use of stock commentary, a lack of analysis, and the timing and apparent lack of applicability of the data contained in the work-file is misleading. The limited information appears insufficient to enable the intended users to understand the report. Lenders and underwriters will often request/require “bracketing” sale data. This requirement may result in a higher value than would be indicated by utilizing the most comparable data.

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. By failing to comply with USPAP in the appraisal and the appraisal report for property at 8007 West Spokane Street in Milwaukee, Wisconsin, Respondent La Rhonda Black violated sections RL 86.01 (1) and (2) of the Wisconsin Administrative Code, and is subject to discipline under section 458.26 (3), Wis. Stats.

ORDER

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

IT IS FURTHER ORDERED that within six months of the date of this Order, the respondent, La Rhonda Black, must successfully complete the 30-hour Appraisal Institute class in Basic Appraisal Principles, or an equivalent course taken from any educational institution approved by the Department of Regulation and Licensing and approved in advance through the Department Monitor:

Department Monitor
Department of Regulation and Licensing,
PO Box 8935, Madison, WI 53708-8935.
Fax (608) 266-2264
Tel. (608) 267-3817.

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.

Ms. Black shall submit proof of successful completion in the form of verification from the institution providing the education to the Department Monitor.

In the event Ms. Black fails to successfully complete the educational requirements in the manner set forth, or to obtain an extension of time for good cause, her Real Estate Appraisers license shall be suspended without further hearing and without further Order of the Board, and said suspension shall continue until further Order of the Board or until she provides to the Department proof of completion of the educational requirement.

IT IS FURTHER ORDERED that Ms. Black pay the Department's costs of this matter in the amount of **\$431.73** 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 Ms. Black fails to pay the costs within the time and in the manner as set forth above, her 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 file 08 APP 044 be closed.

Dated this 16th day of November, 2009.

WISCONSIN REAL ESTATE APPRAISERS BOARD

By: Marla Britton, Board Chair, or another member of the Board