

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN
BEFORE THE DEPARTMENT OF REGULATION AND LICENSING

IN THE MATTER OF THE APPLICATION :

FOR A CERTIFIED RESIDENTIAL :
APPRAISER LICENSE OF : FINAL DECISION AND ORDER
:
JEFFREY F CORBETT, : LS 0609221APP
:
APPLICANT. :

Division of Enforcement Case File # 06 APP 104

TO: Jeffrey F. Corbett
5109 Midmoor Rd.
Monona, WI 5 3716

Lara M. Herman
Department of Regulation and Licensing
Division of Enforcement
P. O. Box 8935
Madison, Wisconsin 53708 8935

PROCEDURAL HISTORY

A Notice of Class I Hearing in the above-captioned matter was filed by the Division of Enforcement on September 21, 2006. The applicant, Jeffrey F. Corbett had requested the hearing to challenge the July 28, 2006, decision of the Department of Regulation and Licensing, which denied his application for a Certified Residential Appraiser license. The issue raised for consideration at the hearing is whether the work samples which the applicant submitted in support of his application demonstrate USPAP compliance. On October 5, 2006, the Administrative Law Judge, Colleen M. Baird, received a letter from Attorney Joseph J. Klein. The correspondence from Attorney Klein contained a Notice of Appearance and a cover letter which indicated that his client, Mr. Corbett, had decided to withdraw his appeal of the Department's ruling and submit a new application for certification at a later time. Therefore, it was requested that the hearing be terminated.

Accordingly, the following findings, conclusions of law and order are now entered.

FINDINGS OF FACT

1. The applicant, Jeffrey F. Corbett, was born on 02/20/77.
2. Mr. Corbett applied for a Certified Residential Appraiser License on or about 05/03/06.
3. Mr. Corbett's latest address on file with the Department of Regulation and Licensing is 5109 Midmoor Rd., Monona, WI 53716.
4. Mr. Corbett requested a hearing on the denial of his application within 45 days of receiving the denial.
5. The application for a Certified Residential Appraiser License requires the applicant to submit three real estate appraisals for review. The Department determined that the applicant's appraisals did not meet USPAP as follows:
 - a) **5802 Russett Rd., Madison, WI.**

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. 1-3a Land Use Regulations

Error in statement of zoning description; the property is general residential, not multi-family.

S.R. 1-4a Sales Comparison Approach

Sale 1 on the MLS shows 850 sq. ft. per unit or 3,400 sq. ft. for units, before consideration of common halls. Uses 3,400 sq. ft. for the GBA and adjusts up \$10,000.00; this leads to a significant overstatement of value. Same problem for Sale 2, except unit sizes are reported as totaling 3,560 sq. ft. Makes no adjustment for the no. of bedrooms or units sizes, when this is what relates to rent potential. Sales 2 and 3 are reported on the MLS as having air conditioning for 2 and 4 units each; omits this value adding feature. Erroneous rent for Sale 1. The MLS shows it to have 1 unit vacant with rent of \$2,070/mo., not \$2,765/mo.

S.R. 1-4c Income Approach

Uses forecast rents to calculate value via this approach, instead of actual rents.

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

Does not clarify whether or not personal (appliances) is included in the value opinion.

S.R. 1-5 Subject Listing and Sale Information

Error in the stated list price as being \$315,000. The actual list price was \$299,999. Provides no analysis or rationale for why the value opinion is significantly higher than the list price and the sales price. The subject had been listed for sale for 7 months at \$299,000-\$299,999. The offer to purchase is for \$292,500 with the seller paying \$2,500 in points or \$290,000 net. The Standards Rule requires the appraiser to **ANALYZE** the listing and agreement of sale. There is no support for the value opinion of \$305,000.

b) 2016 Jefferson St., Madison, WI.

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. 1-3a Land Use Regulations

Error in the zoning description. R-2 zoning is single family, not two family.

S.R. 1-4a Sales Comparison Approach

No explanation for lack of adjustments for number of baths.
Adjustments for GLA, fireplace, and porches are far too low.
No explanation for large condition adjustments for Sale 3.

S.R. 1-4c Income Approach

“Insufficient market rent data” is not valid reason to exclude this approach to value. In fact, a significant percentage of houses in this neighborhood are rented.

c) 5211 Bliss St. , Madison, WI.

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. 1-4a Sales Comparison Approach

Sale 3 sold for ~\$20,000 over its list price which is probably related to upgrades or basement finish. The cause of the overage should have been addressed in the report, with appropriate adjustment; the GLA, and

central air adjustments are far too low. The City Assessor's web site shows that Sale 1 does have central air; it is adjusted up for lack of this feature.

S.R. 1-4c Income Approach

"Insufficient market rent data" is not a valid reason to exclude this approach to value.

S.R. 1-5 Subject Listing and Sale Information:

The MLS shows the list price as being \$189,900. The accepted offer is \$193,933. Provides no analysis or rationale for why the value opinion is significantly higher than the list price and the sales price. The Standards Rule requires the appraiser to **ANALYZE** the listing and agreement of sale. There is no support for the value opinion of \$210,000.

CONCLUSIONS OF LAW

1. The Department of Regulation and Licensing has jurisdiction in this matter under §§440.03, (13), 227.42, 227.44, 458.03(1)(a) and Wis. Admin. Code RL 1 and 81.

ORDER

NOW, THEREFORE, IT IS ORDERED that the hearing in this matter is dismissed and the decision of the Department of Regulation and Licensing, dated July 28, 2006, shall be, and hereby is, adopted as the Final Decision and Order in this matter.

Dated this 18th day of October, 2006.

Celia M. Jackson
Secretary
Department of Regulation and Licensing
Post Office Box 8935
Madison, Wisconsin 53708-8935