

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
ELIZABETH A. JOHNSON, :
RESPONDENT. : LS0702284APP

Division of Enforcement Case No. 05 APP 016

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

Elizabeth A. Johnson
2452 Tournament Players Circle N.
Blaine, MN 55449

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. **Elizabeth A. Johnson** (DOB 06/22/69) holds Wisconsin certified residential appraiser certification # 9-1373, which was first granted on 06/15/04 and expired on 12/31/05.

2. Ms. Johnson's most recent address on file with the Wisconsin Department of Regulation and Licensing is 2452 Tournament Players Circle N., Blaine, MN 55449. This is Ms. Johnson's business address at Atlas Appraisals.

3. On or about February 1, 2005, Ms. Johnson signed an appraisal report as the supervisory appraiser for property located at 2270 180th Street, St. Croix Falls, WI 54024. The appraisal was prepared by Dave Vincent, who is not licensed in Wisconsin, for Mortgage Assurance, a lender in Minnetonka, Minnesota.

4. The appraisal for the property at 2270 180th Street, St. Croix Falls, WI 54024 failed to comply with the 2005 Uniform Standards of Professional Appraisal Practice (USPAP) in the following respects:

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. 1-2(a) Client and Intended User(s) by the failure to identify the intended user—it is not acceptable to require the reader to infer that the intended user is the lender/client;

c. S.R. 1-2(b) Intended Use by failing to identify the intended use of the appraisal work;

d. S.R. 1-2(c) Purpose and Reasonable Market Exposure Time by failing to provide an opinion of reasonable exposure time linked to the value opinion (see the Comment below S.R. 1-2(c)(iv));

e. S.R. 1-2(e) Property Characteristics by the report indicating that the house has a partial basement, yet there is no slab and no crawl space, begging the question of what is under the part of the house that does not have a basement;

f. S.R. 1-2(f) Scope of Work by failing to include a scope of work statement;

g. S.R. 1-3(a) Land Use Regulations by stating "Residential" as the zoning classification because that is not a typical zoning classification and it seems more likely that there is a specific classification such as R-1, R-1, Rural Homes, an Agricultural or Agricultural exclusive zoning, etc., and by failing to identify the minimum lot size in the specific zoning classification and failing to indicate whether part of the subject's acreage can be sold separately;

h. S.R. 1-3(b) Highest and Best Use by failing to identify minimum lot size and whether or not part of the subject's acreage can be sold separately;

i. S.R. 1-4(a) Sales Comparison Approach by the selection of comparables because the photographs of the sales suggest that they are all superior to the subject—they certainly have better curb appeal, even when dealing with black-and-white photos which have been copied; Sale 3 does not appear to be a viable substitute for the subject because generally people prefer acreage, or they prefer water frontage, but generally they wouldn't consider these site features interchangeable; additionally the following value adding features possessed by the sales (per their MLS sheets) were not addressed:

- Sale 1 has municipal water and sewer, kennel, and jetted tub;
- Sales 1 and 3 have substantially more wooded sites, based on the photos provided;
- Sale 2 has a sprinkler system and hot tub and it is also described as being a "10" while the subject is described as "avg-gd" in condition, and there is no narrative description of the subject's features

Furthermore there is no support for the following adjustments which appear to be far too low and/or inconsistent:

- Site size;
- Age;
- \$1,000 for a .5 bath;
- GLA at \$20 per square foot;
- The subject is listed on page 1 as having a partial basement; basement area (page 1) is 752 sq. ft. vs. 1,504 sq. ft. for the first floor; this is a 50% basement (752/1,504); on page 2, the basement is listed as being "full" and there is no explanation for this discrepancy;
- Sale 1's 1,000 sq. ft. of basement finish is adjusted at only \$7.50 per sq. ft.;
- Sales 1 and 3 are each listed as having a deck and a patio, yet, Sale 1 is adjusted down \$3,500 and Sale 3 is adjusted up \$3,000 for the same features;
- Sales 1 and 3 are each listed as having a fireplace vs. the subject having none, yet Sale 1 is adjusted down \$2,500 and Sale 3 is adjusted up \$2,500;
- Sale 1 is listed as "full" on the line for "fence, pool, etc.;" the MLS sheet shows

a 20 x 40 in-ground pool with 2 decks, and a pool house with .25 bath; this feature is adjusted at \$2,500.

j. S.R. 1-4(c) Income Approach by failing to provide an explanation for omission of the Income Approach to value; simply says it is "not applicable;" and

k. S.R. 2-3 Certification because one of the requirements is for the appraiser to state that "my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result...." Yet in this case the lender request indicates "Need 355 K" on the line for estimated value, and coincidentally, the value opinion arrived at is \$357,000. The sales selected are inappropriate, value adding features for the sales are omitted, and adjustments are at low levels; all of which lead to a significant overstatement of value. The only way to make this house appear to be worth \$355,000+ is to use inappropriate sales, omit value adding features for the sales, make unsupported adjustments, and/or misstate physical characteristics for the subject house.

5. In mitigation, it is acknowledged that Ms. Johnson and Mr. Vincent recognized that there were problems with the appraisal they prepared and asked the lender not to rely on the appraisal and did not charge the lender for the appraisal. The lender confirmed that it did not utilize the appraisal report signed by Ms. Johnson and Mr. Vincent. Additionally, Ms. Johnson has informed the Department that she and her company are no longer accepting assignments in Wisconsin or anywhere where they are not able to complete the appraisal competently.

6. In resolution of this matter, Ms. Johnson wishes to voluntarily surrender her Wisconsin certified residential appraiser certification, # 9-1373.

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. By failing to comply with the 2005 Uniform Standards of Professional Appraisal Practice (USPAP), as described above in paragraph 4 of the Findings of Fact, Ms. Johnson is deemed to have also violated Wis. Admin. Code § 86.01(2), thereby subjecting herself 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 Elizabeth A. Johnson, # 9-1373, is hereby ACCEPTED. Ms. Johnson shall immediately return all indicia of Wisconsin certification to the Department Monitor, P.O. Box 8935, Madison, WI 53709-8935.

IT IS FURTHER ORDERED that:

2. Ms. Johnson shall not seek to renew, or request reinstatement or re-apply for licensure or certification to practice as a real estate appraiser in the State of Wisconsin for a minimum of 3 years from the date of this Order.

3. In the event that Ms. Johnson seeks to renew or reinstate her certification to practice as a certified residential appraiser in the State of Wisconsin, or seeks to apply for appraiser licensure or general appraiser certification in Wisconsin, she shall submit a new application for certification or licensure and meet all then-existing requirements for licensure or certification.

4. In the event that Ms. Johnson seeks to renew or reinstate her certification, or applies for licensure or certification to practice as a real estate appraiser in the State of Wisconsin, the Department may determine whether and under what terms and conditions such request may be granted.

5. Ms. Johnson shall not practice as a real estate appraiser or attempt to practice as one in the State of Wisconsin without being licensed or certified in Wisconsin.

IT IS FURTHER ORDERED THAT:

6. Elizabeth A. Johnson shall, within 90 days of the date of this order, pay COSTS in this matter in the amount of SIX HUNDRED DOLLARS (\$600.00). Payment shall be made payable to the Wisconsin Department of Regulation and Licensing, and mailed to:

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

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 Ms. Johnson's certification. 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 Ms. Johnson fails to timely submit payment of the costs as set forth above, her certification, # 9-1373, SHALL BE SUSPENDED, without further notice or hearing, until she 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