

# 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 AND ORDER
<b>GERALD A. REGO,</b>	:	
RESPONDENT.	:	LS07091214APP

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Division of Enforcement Case No. 06 APP 075

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

Gerald A. Rego  
924 Justin Cir.  
Reedsburg, WI 53959

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

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 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

1. **Gerald A. Rego**, (DOB 01/30/66), is a licensed as a Certified Residential Appraiser in the State of Wisconsin, license # 9-952, which was first granted on 03/06/95. Mr. Rego's most recent address on file with the Department of Regulation and Licensing is 924 Justin Cir., Reedsburg, WI 53959.
2. On or about August 3, 2005, Mr. Rego prepared a written appraisal report on behalf of GMAC Mortgage for property located at W4816 County Highway G in Mauston, WI.
3. Mr. Rego's appraisal was reviewed by the Department and it was determined that the appraisal did not meet the Uniform Standards of Professional Appraisal Practice (USPAP) as follows:

Ethics Rule, Confidentiality Section

Sale 1 was pending as of the date of the appraisal, yet the sales price is disclosed. This is a violation of confidentiality, unless the appraiser has explicit permission from a party to the transaction to use this information.

S.R. 1-2e Property Characteristics

Work file indicates that the basement has a dirt floor, but this is not addressed in the report. The sketch shows a large storage room on the first floor, but there is insufficient information in the report and work file to indicate whether or not this room is finished.

The certified survey map shows two outbuildings for the subject, and the grid shows “outbuildings,” but there is no description of what these buildings are in this report.

The report indicates that the house is owner occupied, but the Offer to Purchase indicates that the owners live in Fitchburg.

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

No Highest and Best Use analysis provided.

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

Other than to state the obvious; i.e., “adjustments were for site value and square footage difference,” the report does not explain adjustments.

Adjustments for site size are inconsistent. Sale 1 is adjusted at \$2,227/acre for 4.49 acres difference; Sale 3 is adjusted at \$1,706/acre for an 8.79 acres difference; Sale 5 is adjusted at \$1,004/acre for 2.49 acres difference. Sale 2, 4 and 6 have no site adjustments with .51 acres, 1.39 acres, and 1.51 acres difference, respectively. There is no discussion of this.

Adjustments for room count are not explained. Sale 6 has one more room with no adjustments. Since the sales which are adjusted down for room count are all larger than the subject and are also adjusted down gross living area (GLA), this appears to result in double-adjusting for the same difference.

There is insufficient explanation of the outbuildings for the subject and for the sales.

Omits the following value adding features for the sales or uses factual information which is different than that shown on the MLS sheets included in the work file:

Sale 1: Omits a screened porch. The MLS sheet shows three outbuildings (24 X 20 shed, 30 X 28 barn, and 8 X 8 shed); these are described as “outbuilding” in the report. This sale was pending and should not have been used as a primary sale.

Sale 2: The MLS shows 4 bedrooms; the report shows 3. The MLS sheet shows the garage to be 24 X 40 with doors on both ends which is over-sized vs. the 2 car garage shown in the report. The MLS shows “large storage shed;” the report shows none.

Sale 3: The MLS sheet shows cattle shed, loafing barn, calf barn and main barn which has 48 free stalls; the report shows “outbuildings.” The MLS sheet shows no heat in the house (“heated by a pellet stove”); there is no reference of this in the report. The MLS shows deck/patio, the report shows none.

Sale 4: This house is more than twice the subject’s size; it is not a good comparison. The MLS sheet shows two full baths, a .75 bath, and 4 half baths; the report shows two full baths. The MLS sheet shows a pond and barn with lean-to; the report shows none. The MLS sheet shows effective age of 20 years (implies substantial remodeling); the report shows “average” and equates it in condition to the subject and to Sale 2 which is indicated “needs a little updating.” The MLS shows a security system; the report shows none.

Sale 5: MLS shows outbuildings including barn, milk house, granary, other and “full set of buildings;” the report simply says “outbuildings.” This house has a “new kitchen,” per MLS the report simply says “average” condition. No explanation for lack of adjustments for full basement (sale) vs. partial basement (subject).

Sale 6: This is the only one of the sales where the site is rounded down or stated differently than the MLS sheets. The

MLS shows 4.11 acres which is rounded down to 4 acres in the report. The MLS shows central air; the report shows none.

S.R. 1-4b Cost Approach

Gives no explanation for omission of the Cost Approach to value.

S.R. 1-4c. Income Approach

Gives no explanation for omission of the Income Approach to value.

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

Provides no analysis. Says on p. 1 of Multi-purpose supplement addendum that “the reasons for unavailability (of the offering information) and the steps taken by the appraiser are explained later in this addendum,” but there is no explanation where indicated (or elsewhere in the report).

Provides no analysis or rationale for why the value opinion is significantly higher than the sales price. The Standards Rule requires the appraiser to **ANALYZE** any listing and the agreement of sale. If a property is double the sales price, there should be a valid reason.

CONCLUSIONS OF LAW

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

2. As a result of the violations in paragraph 3 above, respondent is deemed to have violated Wis. Admin. Code sec. RL 86.01 (1) and (2), and Wis. Stat. sec. 458.26 (3) (i) for failing to comply with USPAP, and Wis. Stat. sec. 458.26(3) (c) by engaging in conduct while practicing as an appraiser which evidences a lack of knowledge or ability to apply professional principals or skills.

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 Gerald A. Rego shall be **SUSPENDED** for a period of **THIRTY DAYS** commencing on September 20, 2007. During the period of suspension, Mr. Rego shall not perform appraisal work except that he may engage in appraisal updates for disaster inspections (form 1004D), he may handle callbacks from clients for additional necessary work requested by a client for appraisals that were done prior to the period of suspension, and he may prepare completion reports (for 1004D) for appraisals of new construction or remodeling that are completed during the period of suspension. He will notify the Department of work done under any of these exceptions.

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 one year of the date of this Order, Mr. Rego must successfully complete an Appraisal Institute or college level course in

**Liability Management for Residential Appraisers (7 hrs.): and either Basic Appraisal Principles or Basic Appraisal Procedures (30 hrs.)**

Mr. Rego must successfully complete the exam at the end of the course, and submit proof of the same in the form of verification from the institution providing the education to the following address:

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

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. Rego pay the Department's costs of this matter in the amount of **\$1,045** 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. Rego 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 file 06 APP 075 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