

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
PAUL R. EDWIN, :
RESPONDENT. : LS0709127APP

Division of Enforcement Case File # 06 APP 090

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

Paul R. Edwin
W227 S4375 Beeheim Road
Waukesha, WI 53189

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. **Paul R. Edwin** (DOB 02/23/47), is a duly licensed appraiser in the state of Wisconsin, holding license # 4-1206 which was first granted on 05/27/99. Mr. Edwin's most recent address on file with the Wisconsin Department of Regulation and Licensing is W227 S4375 Beeheim Road, Waukesha, WI 53189.

2. On or about May 23, 2006, the U.S. Department of Housing and Urban Development issued a letter to Mr. Edwin informing him of their intention to remove him from the FHA Appraiser Roster for six months based on deficiencies noted in the review of several appraisals performed by Mr. Edwin. A copy of that letter is attached as **Exhibit 1** and is incorporated herein by reference.

3. By letter dated June 12, 2006, Mr. Edwin informed the U.S. Department of Housing and Urban Development that he had decided not to contest the letter, and agreed to take the remedial education requested by them. A copy of Mr. Edwin's letter is attached as **Exhibit 2** and is incorporated herein by reference.

4. By letter dated June 20, 2006, the U.S. Department of Housing and Urban Development notified Mr. Edwin that he was removed from the FHA Appraiser Register for a period of six months, effective June 25, 2006, and was required to take 7 hours of continuing education to be reinstated to the Roster. A copy of the June 20, 2006 letter from the U.S. Department of Housing and Urban Development to Mr. Edwin is attached as **Exhibit 3** and is incorporated herein by reference.

3. Mr. Edwin's appraisals that were the subject of the HUD review were reviewed by the Department of Regulation and Licensing staff and by a Real Estate Appraiser Board Case Advisor, and it was determined that Mr. Edwin did not comply with the Uniform Standards of Professional Appraisal Practice (USPAP) in his appraisals in the following respects:

- a. USPAP Standards Rule 1-1, Developing an Appraisal, by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results;
- b. USPAP Standards Rule 1-3 (a) requires the appraiser to "identify and analyze the effect on use and value existing land use regulations." For the property at 1134 N. 50th Street, Milwaukee, WI. Mr. Edwin marked both the "Yes" and "No" boxes under the FEMA Special Flood Hazard Area, when only the "Yes" box should have been marked. Mr. Edwin's explanation to the Department was that he checked both boxes because he could not clearly determine the exactness of the subject location.
- c. USPAP Standards Rule 1-4(a), Sales Comparison Approach, by failing to select the best available comparable properties and failing to provide accurate data and adjustments.

For the property at 1134 N. 50th Street, Milwaukee, WI, Comparable 2 was over 50% larger than the subject with gross adjustments of 25%. Comparables 2, 3, and 4 all received "time" adjustments, but Comparable 1 did not despite having a similar date of sale. The overall range of adjusted values was quite large, from \$75,000 to \$121,000, when there were two additional comparables available that when adjusted, provide a lower estimate of value for the subject property. Comparables 2 and 3 sold for over their list prices, which was not reported or analyzed. Comparable 2 had only one bathroom above grade, with a second bathroom in the basement. Comparable 3 had a superior location and views of Doyne Park which were not adjusted for or reported.

For the property at 141 Tenny Avenue, Waukesha, WI, Comparables 1 and 4 were over 50% larger than the subject, necessitating large adjustments. Size adjustments made at \$15 per square foot is low, and lower than the adjustment made in other reports. Two additional sales more similar in square footage and in close proximity to the subject were available and support a lower estimate of value for the subject. Comparable 3 had a bathroom in the basement that was not reported or adjusted for.

For the property at 916 Canterbury Lane, Waukesha, WI, Comparable 1 only had one bathroom above grade, and the other bathroom was in the basement, but this was not identified in the report. Comparable 4 had central air conditioning, so no adjustment was warranted.

- e. USPAP Standards Rule 1-5, Subject Listing and Sale Information, by failing to analyze the current sales contracts or failing to detail the steps undertaken to get copies of the sales contracts, if unavailable, prior to completion of the appraisal reports.

For the property at 916 Canterbury Lane, Waukesha, WI, the Offer to Purchase in place at the time of the appraisal showed that the seller agreed to pay \$5,200 in seller concessions for the buyer, but the appraisal states under seller concessions "None Known." The appraisal also states that the Offer to Purchase was not provided to Respondent, but Respondent failed to identify what steps were taken to obtain a copy of the Offer.

For the property at 1134 N. 50th Street, Milwaukee, WI, the Offer to Purchase in place at the time of the appraisal showed that the seller agreed to pay 6% of the purchase price plus \$295 in seller concessions for the buyer, but the appraisal states under seller concessions "None Known." The appraisal failed to address the Offer to Purchase—the Respondent neither analyzed the sales agreement nor identified what steps were taken to obtain a copy, if the Offer to Purchase was unavailable.

For the property at 141 Tenny Avenue, Waukesha, WI, the Offer to Purchase in place at the time of the appraisal showed that the seller agreed to pay \$5,215 in seller concessions for the buyer, but the appraisal states under seller concessions "None Known." The appraisal also states that the Offer to Purchase was not provided to Respondent, but Respondent failed to identify what steps were taken to obtain a copy of the Offer.

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. Respondent Paul R. Edwin, by his conduct as set forth above in the Findings of Fact ¶ 3, violated USPAP Standards Rules 1-1, 1-3(a), 1-4(a), and 1-5.

3. As a result of the above USPAP violation, Mr. Edwin is deemed to also have violated Wis. Stat. § 458.26(3)(c), and Wis. Admin. Code § RL 86.01(2), 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 HEREBY ORDERED that:

1. Respondent **Paul R. Edwin**, license #4-1206 be, and hereby is, **REPRIMANDED**.

2. Respondent **Paul R. Edwin**, shall, within 180 days of the date of this Order, successfully complete the Appraisal Institute course “Residential Sales Comparison and Income Approaches,” including taking and successfully passing the exam offered for the course.

3. Mr. Edwin shall submit proof of the same in the form of verification from the institution providing the education to the address stated below. None of the education completed pursuant to this requirement 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.

4. Respondent **Paul R. Edwin** shall, within 60 days of the date of this Order, pay **COSTS** of this matter in the amount of \$ 750.00.

5. Proof of successful class completion and payment of costs (made payable to the Wisconsin Department of Regulation and Licensing) shall be mailed, faxed or delivered to the Department Monitor at this address:

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

6. 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 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 any of the terms of this Order. In the event Respondent fails to timely submit any payment of the costs as set forth above or fails to complete the education as ordered, or is otherwise in violation of this order, Mr. Edwin’s license (# 4-1206) SHALL BE SUSPENDED, without further notice or hearing, until Respondent has complied with the terms of this Order.

7. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE APPRAISERS BOARD

Marla Britton
A Member of the Board

9/12/07
Date

