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STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF DISCIPLINARY :
PROCEEDINGS AGAINST : **FINAL DECISION AND ORDER**
CYNTHIA A. SHEDLOSKY, : LS0710179APP
RESPONDENT. :

Division of Enforcement case file 06 APP 110

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

Cynthia A. Shedlosky
825 E. River, Apt. 44
DePere, WI 54115

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. Cynthia A. Shedlosky is licensed in the State of Wisconsin as a Real Estate Appraiser / Certified Residential Appraiser having license # 9-1315, first granted on December 9, 2003.
2. Ms. Shedlosky’s most recent address on file with the Department of Regulation and Licensing (“Department”) is 825 E Apt. 44, DePere, WI 54115.
3. Ms. Shedlosky signed as supervisory appraiser on three appraisal reports that were completed and submitted to the Department by Peter Shedlosky, an unlicensed credential applicant. The appraisal reports were for property at E4480 Church Road in Kewaunee, 1431 S. Telulah Street in Appleton, and 411 Sherman in Fond du Lac.

With regard to the appraisal report for E4480 Church Road, Kewaunee, Wisconsin.

4. The report indicates that the subject property is not offered for sale, but it contradicts itself by stating that there is a contract between the mother and son. The appraiser goes on to state that “The unavailability of the contract is explained later in the addenda section”, but no explanation appears. In addition, the report does not explain why the property which sold in 2002 for \$37,500 would be worth approximately 200% more 42 months later, which would be an annual appreciation of over 28.79% when the appraisal shows that property values are “stable”. The work file contains no evidence that any attempt was made to obtain information about the purchase price of the property, any concessions the seller was providing to her son, or

any explanation for the unusual value increase. These contradictions and lack of explanations are a violation of USPAP Standards Rule 1-5 and Standards Rule 2-2 (a,b,c)-(ix).

5. The Sales Comparison approach has multiple errors which when considered together create a misleading and potentially fraudulent report.

- Sale 1 sold for \$84,600 but the appraiser's work file indicates that the property was listed for \$83,500; this indicates that seller concessions may have been involved in the transaction.
 - Sale 3 is indicated as having a 3-car garage when the MLS sheet states 4-car garage.
 - Photos of the subject and comparables were of very poor quality, but the sale price of Sale 3 raises the concern that it may have had some additional amenities not offered by the subject due to a sale price that is more than double the low end of the range.
 - The report contains no reasoning for the adjustments to the comparable sales. In particular, there is no explanation for a \$5,000 reduction for a 2-car garage and a \$6,000 reduction for a 3-car garage (actually 4-car according to MLS).
- This errors and omissions are a violation of USPAP Standards Rule 1-1 (a,b,c) and Standards Rule 2-2 (a,b,c)-(ix).

6. The report states that Cost Approach data including a reference figure of \$55 are from the Marshall & Swift Cost Manual, yet there are no costs of \$55.00 per square foot available in the Marshall & Swift Cost Manual. In addition, the work file contains no evidence that Marshall & Swift was used to develop a cost approach. The report states that the land value was determined by assessments, yet the assessed value shows the land value at \$10,000 instead of \$15,000, and there are ample sales of residential rural lots available to estimate a market value for the land. These errors are violations of USPAP Standards Rule 1-1 (a,b,c), Standards Rule 1-4 (b)-(i, ii), and Standards Rule 2-2 (a,b,c)-(ix).

7. Market adjustments for factors affecting values of comparable sales were not made in order to reach a value estimate that is market supported. This is a violation of USPAP Standards Rule 1-1 (b), Standards Rule 1-4 (a & b) and Standards Rule 2-2 (b)-(ix).

With regard to the appraisal report for 1431 S. Telulah Street, Appleton, Wisconsin.

8. The report contains no explanation for a value estimate of \$130,000 when a prior sale of the subject property in April of 2000 for \$83,900 is included in the workfile, which indicates a market appreciation of over 8% per year, when the report does not indicate significant improvements to the subject, and it indicates that property values are "stable". In addition, the Sales Comparison approach contains no reasoning or explanations for the adjustments to the comparable sales. For example, there is no reasoning for why a 1/2 bathroom warrants a \$1,200 adjustment when a bathroom (presumably a full bath) warrants only a \$1,000 adjustment. This lack of explanations is a violation of USPAP Standards Rule 1-1 (a,b,c) and Standards Rule 2-2 (a,b,c)-(ix).

With regard to the appraisal report for 411 Sherman, Fond du Lac, Wisconsin.

9. The report contains no explanation for a value estimate of \$109,000 when a prior sale of the subject property in September of 2000 for \$79,000 is included in the workfile, which indicates an appreciation in the market of roughly 7% per year, when the report does not indicate significant improvements to the subject, and it indicates that property values are "stable". In addition, the Sales Comparison approach contains no reasoning or explanations for the adjustments to the comparable sales. For example, the Cost Approach has developed a lot value of \$15,500 or \$4.00 per square foot, yet the sites are adjusted at \$0.53/SF, \$0.53/SF, and \$0.33/SF? This lack of explanations is a violation of USPAP Standards Rule 1-1 (a,b,c) and Standards Rule 2-2 (a,b,c)-(ix).

CONCLUSIONS OF LAW

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

2. By violating USPAP as described in Findings of Fact 4 through 9 above, Respondent Cynthia A. Shedlosky thereby violated sections RL 86.01 (1) and (2) of the Wisconsin Administrative Code and section 458.26 (3) (b) of the

Wisconsin Statutes, and she is subject to discipline pursuant to section 458.26 (3) of the Wisconsin Statutes.

ORDER

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

IT IS FURTHER ORDERED that the Real Estate Appraiser's license issued to Cynthia A. Shedlosky shall be **SUSPENDED** for a period of 15 days, starting on November 15, 2007.

IT IS FURTHER ORDERED that within twelve months of the date of this Order, Cynthia A. Shedlosky must successfully complete "Advanced Sales Comparison and Cost Approaches" from the Appraisal Institute. Cynthia A. Shedlosky shall submit proof of successful completion and passage of the final examination 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
Tel. (608) 261-7904

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, or be used for upgrading the Ms. Shedlosky's certification. In the event Ms. Shedlosky fails to successfully complete the educational requirements in the manner set forth, her Real Estate Appraiser's 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 all said educational requirements.

IT IS FURTHER ORDERED that Cynthia A. Shedlosky's Real Estate Appraiser's license is hereby **LIMITED** starting on the 10th business day after the date of this Order, as follows:

- Ms. Shedlosky may not supervise associate or uncertified appraisers or sign reports as a supervisory appraiser in the state of Wisconsin.

- Ms. Shedlosky may not complete more than five appraisals per week.

This limitation shall continue for a minimum of one year following the issuance of this order, at which time Cynthia A.

Shedlosky may petition the Board for its removal and submit a log of appraisals completed during the period of limitation, from which the Board may select three appraisal reports to review for compliance with USPAP.

IT IS FURTHER ORDERED that Cynthia A. Shedlosky pay the Department's costs of this matter in the amount of **\$586.93** within 90 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 Cynthia A. Shedlosky fails to pay the costs within the time and in the manner as set forth above, her Real Estate Appraiser's 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 the violation of any of the terms of this Order shall 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 discipline.

IT IS FURTHER ORDERED that file 06 APP 110 be closed.

Dated this 17th day of October, 2007.

By: Mark P Kowbel
A member of the Board