

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF	:	
DISCIPLINARY PROCEEDINGS AGAINST	:	
	:	FINAL DECISION AND ORDER
JOSEPH P. HASELWANDER,	:	
RESPONDENT	:	ORDER 0000 683

Division of Enforcement Case File Number 07 APP 101

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

Joseph P. Haselwander
1784 U.S. Highway 53
Chippewa Falls, WI 54729

Wisconsin Real Estate Appraisers Board
P.O. Box 8935
Madison, WI 53708-8935

Wisconsin Department of Regulation and Licensing
Division of Enforcement
P.O. Box 8935
Madison, WI 53708-8935

PROCEDURAL HISTORY

A disciplinary proceeding was commenced in this matter by the filing of a Notice of Hearing and Complaint with the Wisconsin Real Estate Appraisers Board (Board) on November 4, 2010. Prior to the hearing on the Complaint, the parties in this matter agreed to the terms and conditions of the attached Stipulation as the final disposition of this matter, subject to the approval of the 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. Respondent Joseph P. Haselwander (dob March 17, 1966) is licensed in the state of Wisconsin as a Certified Residential Appraiser and Licensed Appraiser, having license number 9-510, first issued on November 19, 1992 and current through December 14, 2011. This license is currently suspended pursuant to Monitoring Order LS0709128APP dated October 1, 2010 for his failure to comply with continuing education required pursuant to Final Decision and Order LS 0709128 APP. Mr. Haselwander was previously licensed in the state of Wisconsin as a Licensed Appraiser, having license number 4-33, first issued on March 24, 1992 and expired on

January 1, 1994. Mr. Haselwander's most recent address on file with the Wisconsin Department of Regulation and Licensing (Department) is 1784 U.S. Highway 53, Chippewa Falls, WI 54729.

2. On or about September 7, 2007, the Department received an anonymous complaint regarding an appraisal performed by Joseph P. Haselwander on March 20, 2006 of property located at 7565 Center Street, Danbury, WI. The complaint alleged that the subject property was manufactured housing, and not modular as indicated by Mr. Haselwander. Mr. Haselwander gave the property a value of \$91,000. The complaint further alleged that a loan was secured for the property due to the subject not being manufactured. A case was subsequently opened for investigation.

3. The investigation revealed that the subject property (7565 Center Street, Danbury, WI) is a manufactured home and not a modular home. This conclusion was based on the following:

- a. A Department investigator contacted the Town of Swiss Assessor, where the subject property is located, who identified the home as manufactured;
- b. A member of the Real Estate Appraisers Board assigned as an advisor on the case contacted Homark, the manufacturer of the home, and Homark confirmed that the subject property is a manufactured home. Homark did not begin constructing modular units until 2000, and the subject property was manufactured in 1995.

4. On August 26, 2009, the Department entered into a contract with Craig Solum, a Certified General Appraiser and Licensed Appraiser, having license number 26-10, from Spooner, WI, to inspect the subject property and to serve as an expert witness in this case. Mr. Solum inspected the subject on or about January 15, 2010 and completed an Appraisal Review field report dated February 15, 2010.

5. According to Mr. Solum's Appraisal Review field report dated February 15, 2010, Mr. Haselwander violated several Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rules (SR) as follows:

- a. SR 1-1(a) Failing to be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;
- b. SR 1-1(b) Committing a substantial error of omission or commission that significantly affects an appraisal;
- c. SR 1-2(e)(i) Failing to identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, including its location and physical, legal, and economic attributes;
- d. SR 1-4(a) Failing to analyze comparable sales data as are available to indicate a value conclusion;

- e. SR 1-4(b)(i) Failing to use the cost approach and develop an opinion of site value by an appropriate appraisal method or technique;
- f. SR 2-1(a) The report does not clearly and accurately set forth the appraisal in a manner that will not be misleading; and
- g. SR 2-1(b) The report does not contain sufficient information to enable the intended users of the appraisal to understand the report properly.

6. Mr. Solum made the following comments in his Appraisal Review field report dated February 15, 2010:

SR 1-1 (a) (b)

SR 1-4 (a)

The appraiser utilized four comparable sales, selected "due to their proximity to the subject property." (Source: October 17, 2007 letter to Wisconsin Department of Regulation and Licensing Investigator Doug Austin). Three of the four sales selected are conventional wood frame residences within the Village limits of Danbury. They have reported actual ages of 47 to 107 years. The subject is a manufactured double wide residence constructed on October 19th, 1995. The age and manufactured construction for the subject makes the selection of Sales 1, 2 and 3 as comparables invalid and improper.

For a property to be comparable, it must be as similar as possible to the subject property. Page 422 of the Appraisal Institute text *The Appraisal of Real Estate 12th Addition* defines the procedure for selecting comparable sales.

"Research the competitive market for information on sales transactions, listings and offers to purchase or sell involving properties that are similar to the subject property in terms of characteristics such as property type, date of sale, size, physical condition, location, and land use constraints. The goal is to find a set of comparable sales as similar as possible to the subject property."

The FreddieMac Appraisal Guidelines require that the appraiser "choose appropriate comparable sales, and certify that the comparable sales chosen are the most similar to the subject property."

The only manufactured sale selected as a comparable is Sale 4. It is a newer, superior quality, and superior size manufactured home located on a rural 10 acre site.

The appraiser neglected to view and utilize manufactured home sales that were located in the nearby Village of Webster. Webster and Danbury are equitable markets and are within the same rural neighborhood. Webster is located 9 miles south of Danbury. Both Villages are rural in nature. Webster has a larger population but is very equitable in employment and services offered. Potential purchasers of Village of Webster real estate will also consider the Village of

Danbury as a viable alternative location. The majority of the residents of both Webster and Danbury are employed in other urban locations such as Siren, Frederic, Superior, Spooner and Grantsburg.

The following three manufactured home sales were available for review through the MLS Service of Northwestern Wisconsin. The MLS numbers are 374888, 372976 and 371599. (Note: The MLS information sheets for each sale have been placed in the case file).

These sales are manufactured residences that are reasonably comparable to the subject. The implementation of these 3 sales in conjunction with Sale 4 from the appraiser's report would have provided sound data to utilize in the sales comparison approach.

SR 1-2 (e) (i)

SR 2-1 (a) (b)

The appraiser states, "due to the construction type of the subject property, the appraiser considers the home to be a modular home." He states, "according to manufacturer/modular guidelines at the time of construction, I believe the home to be a modular home".

At the effective date of valuation, the Manufactured Housing Institute defines a Modular Home as: "Factory built homes built to the state, local or regional code where the home will be located. Modules are transported to the site and installed."

The subject property is a Manufactured Home. It is defined by the MHI as "a single-family house constructed entirely in a controlled factory environment, built to the federal Manufactured Home Construction and Safety Standards, better known as the HUD code."

The subject property has the manufacture information tag located in the enclosure housing the electrical service entrance panel. The double wide manufactured home was built on October 19th, 1995. The HUD identification numbers are TRA 266612 and 266613. The HUD Tag is present on the southwest wall of the home. TRA 266612. The 266613 tag on the east section of the home is missing. The appraiser does not mention any of this information in his report. It is readily apparent during a routine inspection of the subject property.

If the appraisal report was being utilized for lending purposes, the appraisal form report required would be FORM 70B Manufactured Home Appraisal Report and it would require the reporting of all the HUD and manufactured housing data.

SR 1-4 (b) (i)

The appraiser did not provide support for the \$10,000 site value. He states the "Land Value is based on the allocation method of land valuation." No support data or analysis is provided. The subject site has 50' x 140' dimensions. There is minimal data of vacant lot sales in the Village of Danbury. There was one sale of

a similar lot in Webster with public utility availability equal to the subject. This sale, MLS #370555, is located on Sturgeon Street with dimensions of 100' x 146'. It is double the size of the subject site and sold for \$7,500 on December 23rd, 2005. Another site located on 1st Street in Webster sold for \$4,700 on November 17th, 2004. The transfer document is Number 371456. It had dimensions of 100' x 100'. It is nearly double the size of the subject. The two vacant site sales do not provide support for a market value indication for the subject of \$10,000 as reported in the appraisal.

Summation of Review

The appraisal does not provide a supportive indication of market value due to an absence of comparable sale data for both improved and vacant properties. Readily available MLS comparable data was ignored in the report preparation and instead non-comparable properties located within closer proximity were selected for use in the sales comparison approach. The report fails to properly classify the subject property as a manufactured home and provide the required manufacture data from the Manufactured Housing Institute and HUD identification numbers. These series of deficiencies and errors produce a report that does not provide credible results and is misleading.

A copy of Mr. Solum's Appraisal Review field report dated February 15, 2010 (which includes the referenced MLS Service of Northwestern Wisconsin number) is attached as **Exhibit A**. Exhibit A is incorporated by reference into this Order.

Other Prior Disciplinary Orders

7. On May 12, 2004, Joseph P. Haselwander was disciplined by the Board in **Final Decision and Order LS 0405123 APP** (for Division of Enforcement Case Nos. 99 APP 015, 01 APP 008, and 01 APP 036). Mr. Haselwander's Certified Residential Appraiser license was reprimanded; he was ordered to pay the Department's costs of \$4,000 and successfully complete Appraisal Institute course number 210 or 530 within six months of the date of the Order. On November 23, 2004, the Real Estate Appraisers Board granted Mr. Haselwander's request for an extension of 90 days to comply with the educational requirements in LS 0405123 APP. The factual basis for the discipline was as follows:

- a. **Count I:** (1) Mr. Haselwander performed a real estate appraisal of a property in Onalaska, WI, that was 12 years of age and Mr. Haselwander stated that the effective age of the property was 1-5 years. (2) Mr. Haselwander's appraisal report utilized three comparables from an "expanded range" that: were all 2-4 years old, were all between 240 sq. ft. to 630 sq. ft. larger than the subject property, and all contained 3 bedrooms; whereas the subject property had two bedrooms and two of the comparable properties sold for less than the subject property's market value as found by Mr. Haselwander. (3) Mr. Haselwander's appraisal report concluded that the subject property's value, as indicated by the sales approach, was \$127,620, but concluded that the market value of the subject property was \$175,000, which Mr. Haselwander's appraisal report asserted was the current listing price for the subject property. (4) Harry G. Helfrich, a Wisconsin licensed Certified General Appraiser (License #10-179) conducted a field review appraisal of the subject property and concluded that

the listing of the effective age of the property as 1-5 years was unreasonable. Mr. Helfrich found six comparables within the same subdivision of the subject property that had occurred within the past 12 months that were "not more dissimilar to the property" than the comparables used by Mr. Haselwander. Mr. Helfrich determined that the highest sales price that the subject property had ever been listed was for \$149,900.

- b. Count II: (1) Mr. Haselwander performed a real estate appraisal of a property in Eau Claire, WI. Contrary to Mr. Haselwander's appraisal report, a Wisconsin licensed Certified Residential Appraiser, Rolf D. Kleven (License #9-234), conducted a review appraisal of the subject property and concluded that the subject property was a manufactured home. (2) An additional review appraisal of the subject property was conducted by the office of James K. Moessner, a Wisconsin licensed Certified General Appraiser (License #10-89). A member of Mr. Moessner's staff found discrepancies in Mr. Haselwander's appraisal, such as failing to note: (a) the correct zoning of the property, (b) that the property was located in a FEMA special flood hazard area, (c) that the residence was a manufactured home, and (d) the correct sale date for one of his comparables.

8. On October 19, 2005, Joseph P. Haselwander was disciplined by the Board in **Final Decision and Order LS 0510194 APP** (for Division of Enforcement Case No. 04 APP 045). Mr. Haselwander's Certified Residential Appraiser license was suspended for a period of 60 days and he was ordered to pay the Department's costs of \$375. The factual basis for the discipline was as follows:

- a. Mr. Haselwander, doing business as Situs Unlimited, performed an appraisal of a commercial property located in Altoona, WI, and concluded that the property had an estimated market value in excess of \$1,000,000. Acuity Bank of Tomah, which financed the transaction, confirmed that the value of the transaction was well in excess of \$250,000. According to Wis. Admin. Code § RL 81.05(2), Certified Residential Appraisers are prohibited from conducting appraisals of commercial real estate having a transaction value of more than \$250,000.

9. On September 12, 2007, Joseph P. Haselwander was disciplined by the Board in **Final Decision and Order LS 0709128 APP** (for Division of Enforcement Case Nos. 05 APP 036, 06 APP 088, 06 APP 126, and 06 APP 127). Mr. Haselwander's Certified Residential Appraiser license was limited; he was barred from affixing his signature to or supervising any appraisal report prepared by any other person, and he was prohibited from relying upon any work performed by any other person in any appraisal report to which he affixed his signature. The Order permitted the limitations to be removed upon Mr. Haselwander's proof of successful completion of the following education by December 1, 2008: (i) The Professionals Guide to the Uniform Residential Appraisal Report offered by the Appraisal Institute OR a 15-hour USPAP course offered by the Appraisal Institute AND (ii) a Basic Appraisal Principles course offered by the Appraisal Institute. Mr. Haselwander was ordered to pay the Department's costs of \$1,500. The factual basis for the discipline was as follows:

- b. Mr. Haselwander supervised and signed three appraisal reports submitted by B.K. in B.K.'s application to the Department for certification and licensure as a licensed appraiser. Mr. Haselwander also signed the certification statements appended to B.K.'s three submitted appraisals. The Department denied B.K. a license after reviewing the three appraisals because the reports showed violations of the applicable uniform standards of professional appraisal practice (USPAP).

10. On October 1, 2010, Joseph P. Haselwander was disciplined by the Department in **Monitoring Order Suspending License LS 0709128 APP** (for Division of Enforcement Case No. 04 APP 045). Mr. Haselwander's Certified Residential Appraiser certification to practice as a Certified Residential Appraiser was suspended by the Department Monitor on October 1, 2010, and his certification is currently suspended. The factual basis for the discipline was as follows:

- a. Mr. Haselwander failed to complete the required continuing education by December 1, 2008 as ordered by the Real Estate Board on September 12, 2007. Mr. Haselwander violated Final Decision and Order LS 0709128 APP by his failure to complete the required continuing education within the specified time period.

11. Respondent Joseph P. Haselwander consents to the resolution of this formal disciplinary matter by the voluntary surrender of his Certified Residential Appraiser and Licensed Appraiser license pursuant to the Order set forth below.

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 into the attached Stipulation pursuant to Wis. Stat. § 227.44(5).

2. By the conduct described in the Findings of Facts, Respondent Joseph P. Haselwander has violated:

- a. Wis. Admin. Code § RL 86.01(1) by failing to comply with the standards of practice established by Wis. Stat. ch. 458, Wis. Admin. Code chs. RL 80 to 86 and the uniform standards of professional appraisal practice (USPAP);
- b. Wis. Admin. Code § RL 86.01(2) by failing to conform to the uniform standards of professional appraisal practice (USPAP) in effect at the time the appraisal was performed; and
- c. Wis. Admin. Code § RL 86.01(5) by knowingly omitting, understating, misrepresenting, or concealing material facts in an appraisal.

3. By committing the violations described in paragraph 2 of the Conclusions of Law, Joseph P. Haselwander is subject to discipline pursuant to Wis. Stat. § 458.26(3)(b) and (c).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. The **VOLUNTARY SURRENDER** of Joseph P. Haselwander's Certified Residential Appraiser and Licensed Appraiser license (license number 9-510) and the right to renew that license is hereby ACCEPTED.
3. Joseph P. Haselwander shall not apply for renewal or reinstatement of his Certified Residential Appraiser and Licensed Appraiser license.
4. Joseph P. Haselwander shall not practice or attempt to practice as a Certified Residential Appraiser or Licensed Appraiser without being licensed in Wisconsin.

IT IS FURTHER ORDERED that:

5. Respondent Joseph P. Haselwander shall pay costs in the amount of TWO THOUSAND FOUR HUNDRED TWENTY-FIVE DOLLARS (\$2,425.00). Costs shall be due within one hundred (100) days after the date of this Order and before submitting any new application for any license administered by the Wisconsin Department of Regulation and Licensing.
6. All indicia of certification and licensure shall be submitted to the Department Monitor within 15 days of the date of this Order by mailing or delivering the same 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. The Board in its discretion may in the alternative impose additional conditions or other additional discipline for a violation of any of the terms of this Order.

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

Dated this 23rd day of February, 2011.

WISCONSIN REAL ESTATE APPRAISERS BOARD

By: Marla L. Button
MMH

Wisconsin Department of Regulation & LicensingMail To: P.O. Box 8935
Madison, WI 53708-8935FAX #: (608) 261-7083
Phone #: (608) 266-21121400 E. Washington Avenue
Madison, WI 53703E-Mail: web@drl.state.wi.us
Website: http://drl.wi.gov**DIVISION OF PROFESSIONAL CREDENTIAL PROCESSING****APPRAISAL REVIEW**

Reviewer's Client: Wisconsin Department of Regulation and Licensing (DRL)

Intended User(s): Wisconsin Department of Regulation and Licensing (DRL)

Intended Use & Purpose:

☒ To Assist the DRL in determining if the appraisal meets USPAP.

Other: _____

The Reviewer is not being asked to develop his/her independent opinion of value about the property which is the subject of the work under review.

Division of Enforcement Case Number: 07 APP 101Subject Property: 7565 Center Street, Danbury, WI 54830Date of the Review: February 15th, 2010

Property and Ownership Interests Appraised in the Work Under Review:

☒ Fee Simple ☐ Leased Fee ☐ Leasehold ☐ Other _____Date of the Work Under Review: June 10th, 2007Effective Date of the Opinion/Conclusion in the Work Under Review: June 13th, 2007Standards Rules which Apply to the Work Under Review: Year 20071 & 2 ☒ 4 & 5 ☐ 7 & 8 ☐3 ☐ 6 ☐ 9 & 10 ☐Appraiser(s) Who Completed the Work Under Review: Joseph P. Haselwander

Wisconsin Department of Regulation & Licensing

Scope of the Reviewer's Work:

 X In completing this Review, I have read and analyzed the Appraiser(s)' appraisal report, but I have not independently verified the data contained therein. My Review was a field review; I have inspected the subject property and the selected sales. I have conducted a field inspection of the subject property from both an exterior and interior perspective. I have made an exterior inspection of all the comparable sales utilized in the appraisal report. I have collected additional data for improved and vacant land comparable sales. I have specifically assumed that the data contained in the work under review is complete and accurate. The scope of work is considered sufficient to provide a reliable opinion of the Appraiser(s)' work. No data which was discovered and which was thought to be highly relevant to my opinion was omitted from this Review report. My opinion is that the scope of this Review report is sufficient for the intended use of this Review report.

 Other; See Attached

Based on my review, it is my opinion that:

- The material under review is is not X complete, given the scope of work applicable to this assignment.
- The data under review is is not X adequate and relevant and that any adjustments to the data are are not N/A X proper, given the scope of work applicable to this assignment.
- The appraisal methods and techniques used are X are not appropriate, given the scope of work applicable to this assignment.
- The analyses, opinions, and conclusions are are not X appropriate and reasonable, given the scope of work applicable to this assignment.

If I have indicated that there are concerns with the work under review, I have attached a list of specific USPAP standards with which I think there are problems, along with my rationale for disagreement.

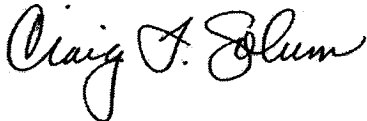
Based on my review, I recommend:

 Accepting the report(s) as meeting USPAP.

 X Rejecting the report(s) for failing to meet USPAP.

 Closing any potential DRL enforcement proceedings.

 Proceeding with DRL enforcement proceedings.



Name: Craig L. Solum

Appraiser Title: Certified General Appraiser

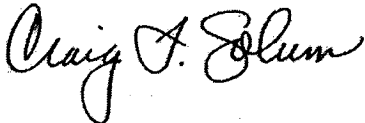
Certificate Number: 26-10

Dated: December 14th, 2011

Wisconsin Department of Regulation & Licensing

I certify that, to the best of my knowledge and belief:

- The facts and data reported by me and used in the review process are true and correct;
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present nor prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report nor to the parties involved with this assignment;
- My engagement in this assignment was not contingent upon developing or reporting predetermined results;
- My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in this review or from its use;
- My analyses, opinions and conclusions were developed and this review report was prepared in conformity with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; which include the Uniform Standards of Professional Appraisal Practice;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- I have personally inspected the subject property of the work under review from both the exterior and interior. The comparable sales were inspected from an exterior perspective only ;
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to me in the preparation of this report.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



Name: Craig L. Solum

Appraiser Title: Certified General Appraiser

Certificate Number: 26-10

Dated: December 14th, 2011

2008-2009 USPAP¹
ABREVIATED APPRAISAL REVIEW

USPAP Reference	COMPETENCY, DEPARTURE, JURISDICTIONAL EXCEPTION, & SUPPLEMENTAL STANDARD RULES	Yes	No	NA
Ethics Rule	Did the appraiser comply with the ethics rule?	x		
Competency Rule	Did the appraiser comply with the competency rule?		x	
Scope of Work Rule	Did the appraiser comply with the scope of work rule?	x		
Jurisdictional Exception Rule	Did the appraiser comply with the jurisdictional exception rule?			x

USPAP Reference	STANDARD 1: REAL PROPERTY APPRAISAL DEVELOPMENT	Yes	No	NA
SR 1-1(a)	Was the appraiser aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal?		x	
SR 1-1(b)	Did the appraiser not commit a substantial error of omission or commission that significantly affects an appraisal?		x	
SR 1-1 (c)	Did the appraiser not render an appraisal services in a careless or negligent manner, such as 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?	x		
SR 1-2 (a)	Did the appraiser identify the client and other intended users?	x		
SR 1-2 (b)	Did the appraiser identify the intended use of the appraiser's opinions and conclusions?	x		
SR 1-2 (c)	Did the appraiser identify the type and definition of value and, if the value opinion to be developed is market value, ascertain whether the value is to be the most probable price?	x		
SR 1-2 (d)	Did the appraiser identify the effective date of the appraiser's opinions and conclusions?	x		
SR 1-2 (e)	Did the appraiser identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, including: (i) its location and physical, legal, and economic attributes; (ii) the real property interest to be valued; (iii) any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal; (iv) any known easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of a similar nature (v) whether the subject property is a fractional interest, physical segment, or partial holding?		x	
SR 1-2 (f)	Did the appraiser identify any extraordinary assumptions necessary in the assignment?			x
SR 1-2 (g)	Did the appraiser identify any hypothetical conditions necessary in the assignment?			x
SR 1-2 (g)	Did the appraiser identify the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE?	x		
SR 1-3 (a)	Did the appraiser identify and analyze the effect on use and value of existing land use regulations, probable modifications of such land use regulations, economic supply, physical adaptability of the real estate, and market area trends?	x		
SR 1-3 (b)	Did the appraiser develop an opinion of the highest and best use of the real estate?	x		
SR 1-4 (a)	If the sales comparison approach was necessary, did the appraiser analyze such comparable sales data as are available to indicate a value conclusion?		x	
SR 1-4 (b)	If the cost approach is necessary, did the appraiser: (i) develop an opinion of site value by an appropriate appraisal method or technique; (ii) analyze such comparable cost data as are available to estimate the cost new of the improvements (if any); and (iii) analyze such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements (accrued depreciation)?		x	
SR 1-4 (c)	If the income approach is applicable, did the appraiser: (i) analyze such comparable rental data as are available and/or the potential earnings capacity of the property to estimate the gross income potential of the			x

¹ http://commerce.appraisalfoundation.org/html/uspap2008/USPAP_folder/uspap_foreword/USPAP_Table_of_Contents.htm

USPAP Reference	STANDARD 1: REAL PROPERTY APPRAISAL DEVELOPMENT	Yes	No	NA
	property? (ii) analyze such comparable operating expense data as are available to estimate the operating expenses of the property; (iii) analyze such comparable data as are available to estimate rates of capitalization and/or rates of discount; and (iv) base projections of future rent and/or income potential and expenses on reasonably clear and appropriate evidence?			
SR 1-4 (d)	When developing an opinion of the value of a leased fee estate or a leasehold estate, did the appraiser analyze the effect on value, if any, of the terms and conditions of the lease(s)?			x
SR 1-4 (e)	Did the appraiser analyze the effect on value, if any, of the assemblage of the various estates or component parts of a property and refrain from valuing the whole solely by adding together the individual values of the various estates or component parts.			x
SR 1-4 (f)	Did the appraiser analyze the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the effective appraisal date?			x
SR 1-4 (g)	Did the appraiser analyze the effect on value of any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal?			x
SR 1-5 (a)	Did the appraiser analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal?			x
SR 1-5 (b)	Did the appraiser analyze all sales of the subject property that occurred within the three (3) years prior to the effective date of the appraisal?	x		
SR 1-6 (a)	Did the appraiser reconcile the quality and quantity of data available and analyzed within the approaches used?	x		
SR 1-6 (b)	Did the appraiser reconcile the applicability or suitability of the approaches used to arrive at the value conclusion(s)?	x		

USPAP Reference	Standard 2: REAL PROPERTY APPRAISAL REPORTING	Yes	No	NA
SR 2-1 (a)	Did the report clearly and accurately set forth the appraisal in a manner that will not be misleading?		x	
SR 2-1 (b)	Did the report contain sufficient information to enable the intended users of the appraisal to understand the report properly?		x	
SR 2-1 (c)	Did the report clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment?	x		
SR 2-2	Did the appraiser identify which of the following three options and prominently state which option is used: Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report?	x		
SR 2-2 (a,b,c)(i)	Did the appraiser state the identity of the client and any intended users, by name or type?	x		
SR 2-2 (a,b,c)(ii)	Did the appraiser state the intended use of the appraisal?	x		
SR 2-2 (a,b,c)(iii)	Did the appraiser describe information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment?	x		
SR 2-2 (a,b,c)(iv)	Did the appraiser state the real property interest appraised?	x		
SR 2-2 (a,b,c)(v)	Did the appraiser state the type and definition of value and cite the source of the definition? (Source not cited.)	x		
SR 2-2 (a,b,c)(vi)	Did the appraiser state the effective date of the appraisal and the date of the report?	x		
SR 2-2 (a,b,c)(vii)	Did the appraiser describe the scope of work used to develop the appraisal?	x		
SR 2-2 (a,b,c)(viii)	Did the appraiser describe the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained?	x		
SR 2-2 (a,b,c)(ix)	Did the appraiser state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal; and,	x		

	when an opinion of highest and best use was developed by the appraiser, describe the support and rationale for that opinion?			
SR 2-2 (a,b,c)(x)	Did the appraiser clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and state that their use might have affected the assignment results?			x
SR 2-2 (a,b,c)(xi)	Did the appraiser include a signed certification in accordance with Standards Rule 2-3?	x		

REVIEW COMMENTS

SR 1-1 (a) (b)

SR 1-4 (a)

The appraiser utilized four comparable sales, selected "due to their proximity to the subject property." (Source: October 17, 2007 letter to Mr. Doug Austen Wisconsin Department of Regulation and Licensing)

Three of the four sales selected are conventional wood frame residences within the Village limits of Danbury. They have reported actual ages of 47 to 107 years. The subject is a manufactured double wide residence constructed on October 19th, 1995. The age and manufactured construction for the subject makes the selection of Sales 1, 2 and 3 as comparables invalid and improper.

For a property to be comparable it must be as similar as possible to the subject property. Page 422 of the Appraisal Institute text The Appraisal of Real Estate 12th Addition defines the procedure for selecting comparable sales.

"Research the competitive market for information on sales transactions, listings and offers to purchase or sell involving properties that are similar to the subject property in terms of characteristics such as property type, date of sale, size, physical condition, location, and land use constraints. The goal is to find a set of comparable sales as similar as possible to the subject property."

The FreddieMac Appraisal Guidelines require that the appraiser "choose appropriate comparable sales, and certify that the comparable sales chosen are the most similar to the subject property."

The only manufactured sale selected as a comparable is Sale 4. It is a newer, superior quality, and superior size manufactured home located on a rural 10 acre site.

The appraiser neglected to view and utilize manufactured home sales that were located in the nearby Village of Webster. Webster and Danbury are equitable markets and are within the same rural neighborhood. Webster is located 9 miles south of Danbury. Both Villages are rural in nature. Webster has a larger population but is very equitable in employment and services offered. Potential purchasers of Village of Webster real estate will also consider the Village of Danbury as a viable alternative location. The majority of the residents of both Webster and Danbury are employed in other urban locations such as Siren, Frederic, Superior, Spooner and Grantsburg.

The following three manufactured home sales were available for review through the MLS Service of Northwestern Wisconsin. The MLS numbers are 374888, 372976 and 371599. The MLS information sheets for each sale follow.

Residential 7420 Poplar St L\$79,000
 374888 Closed Webster, WI 54893 S\$73,000
 List: LOIS STEELE 715-349-7979RE/MAX NORTHWOODS/SIREN 715-349-7979 Fax: 715-349-7999 Firm: 80
 Sell: JAMES BRANDE 715-463-3989EDINA/SIREN 715-349-7035 Fax: 715-349-5836 Firm: 9



Type: Single Family
 Style: 1 Story
 Bedrooms: 3
 Full Baths: 1
 Partial Baths: 0
 Lot Size:
 Acreage: 0.23
 Apx Fin AG: 1,040
 Apx Fin BG: 0
 Apx Fin SQFT: 1,040
 Manufactured: No

County: Burnett
 Area: 54 - Burnett Cnty/Out
 School Dist: Webster
 Garage Cap: 1
 Garage Type: Detached
 Year Built: 1995
 Taxes: \$986.00
 Tax Year: 2004
 Tax ID: 191330037200
 Waterfront: No
 Condo: No

Association: Common: Area 2: Home Dim: 26 X 99
 Assoc. Fee: Restrictive Cov: Twp:

Wtr Frnt Type:
 Lake/River Name:
 Lake Size:
 Waterfront CF:

Wtr Frnt Ft:
 Own Frntg:
 Deeded Access:

Seasons:
 Easement:
 Lake Depth:

ROOM	LEVEL	EST SIZE	FLOOR	ROOM	LEVEL	EST SIZE	FLOOR
Living Rm	M	17 X 99	Carpet	BR 1	M	12 X 99	Carpet
Kitchen	M	13 X 99	Tile	BR 2	M	9 X 99	Carpet
Dining Rm	M	0 X 0	Tile	BR 3	M	9 X 99	Carpet
Dining Area				BR 4			
Family Rm				BA 1		7 X 7	Tile
Laundry				BA 2			
Office				Other			

Included: Refrigerator
 Excluded: Sellers Personal

Basement: Crawl Space
 Driveway:
 Fireplace: None
 Fuel Source: Other-See Remarks
 New Const:
 Outbuilding:
 Sewer: City Sewer
 Water: City-Water
 Exterior: Vinyl

Cooling: Central
 Electric: Circuit Breaker
 Foundation: Other-See Remarks
 Heating: Forced Air
 Occupancy: At Closing
 Patio/Deck: Patio-Concrete
 Showing: Other-See Agent Remarks
 Water Heater: Electric
 Zoning: Residential

Directions: From Spooner Hwy 70 W to Hwy 35 go N to Poplar St turn left to sign

Remarks: Well maintained home ready for you to move in. Fenced yard and location are great added features to this home. Nice block patio sits next to a nice little water fall pond. Handicap ramp installed.

Legal: Village of Webster Sec 8 Lot 2 CSM V15P119

Apx Unfin AG:
 Apx Unfin BG:
 Apx Unfin SQFT:
 Agt Rems:


Condition Report: Yes
 Access Feat Rpt:

Seller Financing:
 Seller Fin Remarks:

SA Comm:	2.2	List Date:	09/30/2005	Limited Service:	No	Auction:	No
BA Comm:	2.2	Cont Date:		How Sold:	Cash		
Variable:	Yes	Pend Date:	06/20/2006	List Cont Type:	Exclusive Right to Sell		
Exception:	No	Expire Date:		Orig List \$:	\$83,000		
IDX:	Yes	Withdrawn Dt:		CDOM:	276		
Realtor.com:	Yes	Sold Date:	07/03/2006	DOM:	263		
Owner:	Rossow	Org List/Sell Agt:	LOIS STEELEJAMES BRANDT	Seller Concessions:	No		

Not guaranteed. Information provided by NW WI MLS is compiled from 3rd party source. Days on Market data may relate only to this unique ML# and not reflect entire listing activity of property. Neither NW WI MLS, the listing broker or its agents or subagents are responsible for its accuracy.
 PRESENTING AGENT MAY NOT NECESSARILY BE THE LISTER 02/23/2010 10:55 AM

Residential		26616 Bass Ave		L\$86,900	
372976 Closed		Webster, WI 54893		S\$95,500	
List: HOUSE RE/MAX NORTHWOODS/RE/MAX NORTHWOODS/SIREN 715-349-7979 Fax: 715-349-7999				Firm: 80	
Sell: HOUSE EDINA/SIREN EDINA/SIREN 715-349-7035 Fax: 715-349-5836				Firm: 9	

	Type:	Single Family	County:	Burnett
	Style:	1 Story	Area:	54 - Burnett Cnty/Out
	Bedrooms:	3	School Dist:	Webster
	Full Baths:	2	Garage Cap:	0
	Partial Baths:	0	Garage Type:	None
	Lot Size:	99 X 140	Year Built:	1998
	Acreage:	0.36	Taxes:	\$1484.00
	Apx Fin AG:	1,400	Tax Year:	2004
	Apx Fin BG:	0	Tax ID:	191-3300-30920
	Apx Fin SQFT:	1,400	Waterfront:	No
Manufactured:	No	Condo:	No	

Association:	Common:	Area 2:	Home Dim:	26 X 58
Assoc. Fee:	Restrictive Cov:	Twp:		

Wtr Frnt Type:	Wtr Frnt Ft:	Seasons:
Lake/River Name:	Own Frntg:	Easement:
Lake Size:	Deeded Access:	Lake Depth:
Waterfront CF:		

ROOM	LEVEL	EST SIZE	FLOOR	ROOM	LEVEL	EST SIZE	FLOOR
Living Rm	M	0 X 0		BR 1	M	0 X 0	
Kitchen	M	0 X 0		BR 2			
Dining Rm				BR 3			
Dining Area				BR 4			
Family Rm				BA 1			
Laundry				BA 2			
Office				Other			

Included: Dishwasher, Dryer, Refrigerator
Excluded: Sellers Personal

Basement:	Full	Cooling:	Central
Driveway:		Electric:	Circuit Breaker
Fireplace:	None	Foundation:	Other-See Remarks
Fuel Source:	Other-See Remarks	Heating:	Forced Air
New Const:		Occupancy:	At Closing
Outbuilding:		Patio/Deck:	
Sewer:	City Sewer	Showing:	Other-See Agent Remarks
Water:	City-Water	Water Heater:	Natural Gas
Exterior:	Vinyl	Zoning:	Residential

Directions: North on 35, W on Cty FF, Right on Bass Ave to sign.

Remarks: Spacious 3 bdrm, 2 bath modular home on corner lot. Full, insulated basement ready to finish. Upgraded windows and cabinetry.

Legal: Vill of Webster Roberts Residence Add Lt 3 CSM

Apx Unfin AG:	Condition Report:	No	Seller Financing:
Apx Unfin BG:	Access Feat Rpt:		Seller Fin Remarks:
Apx Unfin SQFT:			

Agt Rems: Leagl: V16 P78 (Frmly Prt Lot 7 Blk 3 SWNE).

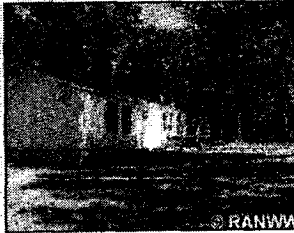
SA Comm:	2.4	List Date:	08/30/2005	Limited Service:	No	Auction:	No
BA Comm:	2.4	Cont Date:		How Sold:	Conventional		
Variable:	No	Pend Date:	11/16/2005	List Cont Type:	Exclusive Right to Sell		
Exception:	No	Expire Date:		Orig List \$:	\$96,900		
IDX:	Yes	Withdrawn Dt:		CDOM:	129		
Realtor.com:	Yes	Sold Date:	01/06/2006	DOM:	78		
Owner:	Setchell	Org List/Sell Agt:	JEAN NEWTON	Seller Concessions:	No		

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Residential
371599 Closed
List: HOUSE EDINA/SIRENE/DINA/SIREN 715-349-7035 Fax: 715-349-5836
Sell: EDINA/SIREN 715-349-7035 Fax: 715-349-5836

7292 Hwy U
Danbury, WI 54830

L\$86,900
S\$82,000
Firm: 9
Firm: 9



Type: Single Family
Style: 1 Story
Bedrooms: 3
Full Baths: 2
Partial Baths: 0
Lot Size:
Acreage: 2.00
Apx Fin AG: 1,280
Apx Fin BG: 0
Apx Fin SQFT: 1,280
Manufactured: Yes

County: Burnett
Area: 54 - Burnett Cnty/Out
School Dist: Webster
Garage Cap: 2
Garage Type: Detached
Year Built: 1996
Taxes: \$599.10
Tax Year: 2004
Tax ID: 020432103000
Waterfront: No
Condo: No

Association:
Assoc. Fee:

Common:
Restrictive Cov:

Area 2:
Twp:

Home Dim: 16 X 80

Wtr Frnt Type:
Lake/River Name:
Lake Size:
Waterfront CF:

Wtr Frnt Ft:
Own Frntg:
Deeded Access:

Seasons:
Easement:
Lake Depth:

ROOM	LEVEL	EST SIZE	FLOOR	ROOM	LEVEL	EST SIZE	FLOOR
Living Rm	M	16 X 14		BR 1	M	14 X 11	
Kitchen	M	13 X 12		BR 2	M	13 X 14	
Dining Rm				BR 3	M	12 X 7	
Dining Area				BR 4			
Family Rm				BA 1	M	12 X 7	
Laundry				BA 2	M	8 X 5	
Office				Other			

Included: Dryer, Microwave
Excluded: Sellers Personal

Basement: Crawl Space, None
Driveway:
Fireplace: None
Fuel Source:
New Const:
Outbuilding:
Sewer: Septic
Water: Well
Exterior: Vinyl

Cooling: Central
Electric: Circuit Breaker
Foundation:
Heating: Forced Air
Occupancy: At Closing
Patio/Deck: Deck-Wood
Showing:
Water Heater: Electric
Zoning: Residential

Directions: Fm Danbury, S on 35 to Cty Rd U, East to Fire # 7292

Remarks: Excellent condition manufactured home with 2 car detached garage - black top drive.

Legal:

Apx Unfin AG:
Apx Unfin BG:
Apx Unfin SQFT:

Condition Report: Yes
Access Feat Rpt:

Seller Financing:
Seller Fin Remarks:

Agt Rems:

SA Comm: 2.4
BA Comm: 2.4
Variable: No
Exception: No
IDX: Yes
Realtor.com: Yes
Owner: Maves

List Date: 08/06/2005
Cont Date:
Pend Date: 06/01/2006
Expire Date:
Withdrawn Dt:
Sold Date: 06/29/2006
Org List/Sell Agt: BEATRICE ERICKSON/BEATR

Limited Service: No Auction: No
How Sold: Other
List Cont Type: Exclusive Right to Sell
Orig List \$: \$89,900
CDOM: 327
DOM: 299
Seller Concessions: No

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These sales are manufactured residences that are reasonably comparable to the subject. The implementation of these 3 sales in conjunction with Sale 4 from the appraiser's report would have provided sound data to utilize in the sales comparison approach.

SR 1-2 (e) (i)

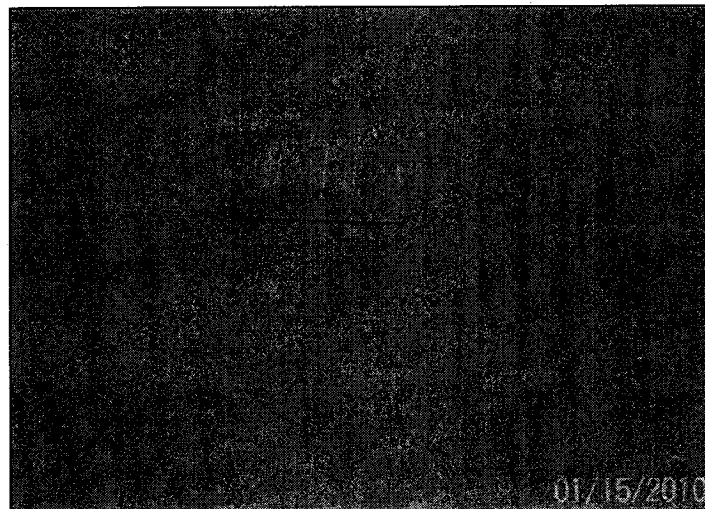
SR 2-1 (a) (b)

The appraiser states "due to the construction type of the subject property, the appraiser considers the home to be a modular home." He states "according to manufacturer/modular guidelines at the time of construction, I believe the home to be a modular home".

At the effective date of valuation the Manufactured Housing Institute defines a Modular Home as: "Factory built homes built to the state, local or regional code where the home will be located. Modules are transported to the site and installed."

The subject property is a Manufactured Home. It is defined by the MHI as "a single-family house constructed entirely in a controlled factory environment, built to the federal Manufactured Home Construction and Safety Standards, better known as the HUD code."

The subject property has the manufacture information tag located in the enclosure housing the electrical service entrance panel. The double wide manufactured home was built on October 19th, 1995. The HUD identification numbers are TRA 266612 and 266613. The HUD Tag is present on the southwest wall of the home. TRA 266612. The 266613 tag on the east section of the home is missing.



The appraiser does not mention any of this information in his report. It is readily apparent during a routine inspection of the subject property.

If the appraisal report was being utilized for lending purposes, the appraisal form report required would be FORM 70B Manufactured Home Appraisal Report and it would require the reporting of all the HUD and manufactured housing data.

SR 1-4 (b) (i)

The appraiser did not provide support for the \$10,000 site value. He states the "Land Value is based on the allocation method of land valuation." No support data or analysis is provided. The subject site has 50'x 140' dimensions. There is minimal data of vacant lot sales in the Village of Danbury. There was one sale of a similar lot in Webster with public utility availability equal to the subject. This sale, MLS #370555, is located on Sturgeon Street with dimensions of 100'x 146'. It is double the size of the subject site and sold for \$7,500 on December 23rd, 2005. Another site located on 1st Street in Webster sold for \$4,700 on November 17th, 2004. The transfer document is Number 371456. It had dimensions of 100'x 100'. It is nearly double the size of the

subject. The two vacant site sales do not provide support for a market value indication for the subject of \$10,000 as reported in the appraisal.

Summation of Review

The appraisal does not provide a supportive indication of market value due to an absence of comparable sale data for both improved and vacant properties. Readily available MLS comparable data was ignored in the report preparation and instead non-comparable properties located within closer proximity were selected for use in the sales comparison approach. The report fails to properly classify the subject property as a manufactured home and provide the required manufacture data from the Manufactured Housing Institute and HUD identification numbers. These series of deficiencies and errors produce a report that does not provide credible results and is misleading.