

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



Wisconsin Department of Regulation & Licensing Access to the Public Records of the Reports of Decisions

This Reports of Decisions document was retrieved from the Wisconsin Department of Regulation & Licensing website. These records are open to public view under Wisconsin's Open Records law, sections 19.31-19.39 Wisconsin Statutes.

Please read this agreement prior to viewing the Decision:

- The Reports of Decisions is designed to contain copies of all orders issued by credentialing authorities within the Department of Regulation and Licensing from November, 1998 to the present. In addition, many but not all orders for the time period between 1977 and November, 1998 are posted. Not all orders issued by a credentialing authority constitute a formal disciplinary action.
- Reports of Decisions contains information as it exists at a specific point in time in the Department of Regulation and Licensing data base. Because this data base changes constantly, the Department is not responsible for subsequent entries that update, correct or delete data. The Department is not responsible for notifying prior requesters of updates, modifications, corrections or deletions. All users have the responsibility to determine whether information obtained from this site is still accurate, current and complete.
- There may be discrepancies between the online copies and the original document. Original documents should be consulted as the definitive representation of the order's content. Copies of original orders may be obtained by mailing requests to the Department of Regulation and Licensing, PO Box 8935, Madison, WI 53708-8935. The Department charges copying fees. *All requests must cite the case number, the date of the order, and respondent's name as it appears on the order.*
- Reported decisions may have an appeal pending, and discipline may be stayed during the appeal. Information about the current status of a credential issued by the Department of Regulation and Licensing is shown on the Department's Web Site under "License Lookup." The status of an appeal may be found on court access websites at: <http://ccap.courts.state.wi.us/InternetCourtAccess> and <http://www.courts.state.wi.us/wscca>.
- Records not open to public inspection by statute are not contained on this website.

By viewing this document, you have read the above and agree to the use of the Reports of Decisions subject to the above terms, and that you understand the limitations of this on-line database.

Correcting information on the DRL website: An individual who believes that information on the website is inaccurate may contact the webmaster at web@drl.state.wi.gov

STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF THE DISCIPLINARY
PROCEEDINGS AGAINST

ROBERT E. SCHEETZ,
RESPONDENT.

:
:
:
:
:
:
FINAL DECISION AND ORDER

ORDER 0000 830

Division of Enforcement Case No. 09 APP 089

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

Robert E. Scheetz
3969 Berg Road
Dodgeville, WI 53533

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

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, Conclusions of Law and Order:

FINDINGS OF FACT

1. Respondent, Robert E. Scheetz, is a duly licensed appraiser, and holds a certification as a certified general and licensed appraiser in Wisconsin (#10-1204), which was first granted on 3/27/2003, and is current through 12/14/2011. Respondent's most recent address on file with the Wisconsin Department of Regulation and Licensing ("Department") is 3969 Berg Road, Dodgeville, WI 53533.
2. On or about 10/29/2009, the Department received a complaint against Respondent. The complaint alleged various issues that called into question an appraisal of property located at 8026 Lakeview Road, Barneveld, WI 53507 ("Subject Property").

3. Respondent was hired by Anchor Bank to perform an appraisal of the Subject Property. On or about 12/2/2008, Respondent performed an appraisal, submitting a report valuing the Subject Property at \$238,200.00.
4. The appraisal was reviewed by the Department and it was determined that the appraisal (and the accompanying appraisal report) violated the Uniform Standards of Professional Appraisal Practice (USPAP) Competency Rule and Standards Rules (SR) as follows:
 - a. Competency Rule – The competency of Respondent is in question based on the errors described in subparagraphs b – m, below.
 - b. SR 2-1(a) – Based on the errors described subparagraphs c – m, below, the appraisal report was written in a way that was misleading. Additionally, it does not contain sufficient information and analysis to be clearly understood.
 - c. SR 1-2(e)(i) – See subparagraphs d and e, below.
 - d. SR 1-2(e) & 2-2(a,b,c)(iii) – Respondent did not provide the dimensions of the site or a plat map showing the parcel in relation to neighboring parcels. Respondent indicates the shape is “unknown” and “plat not available.” This information is available through the Iowa County GIS internet mapping site; the property is a flag-shaped parcel. Additionally, the improvements are located far from the public roadway, and access to the improvements is limited to a lengthy private road, which accounts for a significant portion of the site’s 20+ acres. None of this information was contained in the appraisal report, even as Respondent claims to be separating land value from improvements through an extraction technique. Credible valuation of the site is not possible without understanding its shape and access.
 - e. SR 1-2(b) & 2-2(a,b,c)(x) – The complexity of the Subject Property and the intended use of the report should govern the level of detail in Respondent’s clarification of highest and best use. The checkbox indicates existing use as “HABU,” but Respondent then arbitrarily applies a hypothetical condition without analysis or disclosure. This condition does not meet the four tests of highest and best use, including “physically possible or legally permissible.” Due to the lack of explanation, the report is confusing and misleading. The client did not instruct Respondent to apply this hypothetical condition, which is not acceptable to secondary market mortgage underwriting.
 - f. SR 2-2(a,b,c)(iii) – Respondent misrepresented the effective age and physical characteristics of the Subject Property. Respondent’s report indicates the effective age as 10-12 years and the year built as 1960. On page 1 of the report, he characterizes the subject as a single story ranch. However, the house is a blend of an old-style hand hewn log house and a newer second story bedroom/loft addition. The log portion of the house is likely 100 or more years old, and it has special interior and exterior maintenance requirements. Respondent did not indicate if the home was insulated or updated for energy efficiency, which would contribute to a lower effective age. Interior photos show exposed log walls and ceiling.

- g. SR 1-4(b) & 2-2(a,b,c) – The Subject Property contains a former seasonal home that has been converted to an 863 square foot one bedroom home. It has significant functional limitations due to the small size, lack of basement, and single bedroom. The land to value ratio is excessive. Respondent failed to address any of these issues in his improvement description, thereby creating a misleading report.
- h. SR 1-4(b)(i) & 2-2(b)(ix) – Respondent failed to analyze the characteristics of the Subject 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. Respondent failed to analyze the size and shape of the Subject Property.
- i. SR 1-1(a,b,c) & 2-2(b)(ix) – Respondent fails to analyze or deduct functional limitations for a single family home with only one bedroom, electric baseboard heat and no basement. The estimate of effective age of 10-12 years is not credible. The Subject Property suffers from incurable physical and functional limitations and does not physically or functionally resemble a conforming 10-12 year old home.
- j. SR 1-1(a,b,c) – Respondent does not understand the correct application of the cost approach as demonstrated by the comment: “the cost approach of \$231,148 shows a true calibrated value of the land plus the improvements when the two are incorporated together plus the added assurance when the two are determined separately for a total value of \$238,200.” It is not possible to decipher Respondent’s intended meaning behind this comment because it is related to his arbitrary and inappropriate technique of using a hypothetical condition that there is a residential parcel of $\frac{3}{4}$ acre with improvements and a separate 20 acre parcel of vacant land. There is no discussion of how Respondent arrived at the arbitrary land division or whether it is legally feasible under zoning laws. Respondent’s misunderstanding as to the correct application of the cost approach resulted in his incorrect application of allocation or extraction techniques. Respondent arrives at the cost approach conclusion by combining the values of the hypothetical parcels – an improved .75 acre site plus a 20 acre vacant site. Respondent failed to investigate or analyze the feasibility of the hypothetical condition and then developed an inappropriate value conclusion based on the misinformation.
- k. SR 1-1(a,b,c), 1-4(a) & 2-2(a,b,c)(ix) – Respondent included two-bedroom comparables sales that were not similar to the subject (a one-bedroom home). Respondent failed to make negative adjustments for the comparable sales’ superior bedroom count, although an adjustment was made for GLA. The comparable sales all had a partial or full basement, compared to the Subject Property’s slab foundation. There is no analysis of the marketability of a year-round home with only one-bedroom.
- l. SR 1-1(a,b,c), 1-4(a) & 2-2(a,b,c)(ix) – Respondent failed to verify Subject Property data using internet-based sources, and Respondent failed to verify comparable sales data such as site size. Additionally, there were five comparable sales, all with dissimilar urban locations (more than 15 miles from the subject) and site size. Respondent adjusted for the difference between the Subject Property’s hypothetical site size and the comparables’ actual site size. Respondent made an arbitrary decision to use 32,570 square feet as the hypothetical site size, yet makes \$4,000 and \$5,000

across-the-grid adjustments to all of the comparable sales sites, which are between 6,000 and 10,500 square feet.

- m. SR 1-1(a,b,c) & 2-2(a,b,c)(ix) – See subparagraphs i and j, above.
 - n. SR 1-2(c) – A reasonable exposure time linked to the value opinion was not reported.
 - o. SR 2-2(a,b,c)(ix)– See subparagraphs a – l, above.
 - p. SR 1-2(h,g) & 2-2(a,b,c)(viii) – Respondent failed to disclose that the analysis was based on a hypothetical condition. The hypothetical condition did not meet the tests for highest and best use, and it did not result in a credible analysis or meet the client’s expectations and needs.
 - q. SR 1-1(c) – Respondent indicated electric baseboard heat on page 1 of the URAR, but adjusted against more function and desirable “FWA” in the sales grid. The effective age is indicated as 10-12 years on page 1 of the URAR and 2 years in the sales grid.
5. Respondent admits no wrong doing, but desires to resolve this case by Stipulation.

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. The conduct described above in paragraphs 3-4 of the Findings of Fact constitutes a violation of:
 - a. USPAP Competency Rule;
 - b. SR 1-1(a,b,c);
 - c. SR 1-2(b);
 - d. SR 1-2(c);
 - e. SR 1-2(e) & (e)(i);
 - f. SR 1-2(h,g);
 - g. SR 1-4 (a), (b) & (b)(i);
 - h. SR 2-1(a);
 - i. SR 2-2(a,b,c);
 - j. SR 2-2(a,b,c)(iii);
 - k. SR 2-2(a,b,c)(viii)
 - l. SR 2-2(a,b,c)(ix); and
 - m. SR 2-2(a,b,c)(x).
3. As a result of the above USPAP violations, Respondent is deemed to have also violated Wis. Admin. Code § RL 86.01(2), thereby subjecting himself to discipline pursuant to Wis. Admin. Code § RL 86.01(1) and Wis. Stat. § 458.26(3)(b) and (c).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The license and certification of Respondent **Robert E. Scheetz** (#10-1204) is hereby **LIMITED** as follows:
 - a. Respondent shall, within one year of the date of this Order, successfully complete 45 hours of continuing education, consisting of: (1) the National USPAP Course (15 hours); and (2) 30 hours of education to be chosen from among the course offerings listed below, or equivalent courses offered by providers pre-approved by the Board's monitoring liaison, including taking and passing any exams offered for the courses:
 - i. Advanced Sales Comparison and Cost Approaches (40 Hours)
 - ii. General Appraiser Report Writing and Case Studies (30 Hours)
 - iii. General Appraiser Sales Comparison Approach (30 Hours)
 - iv. General Appraiser Site Valuation and Cost Approach (30 Hours)
 - v. General Appraiser Market Analysis & Highest and Best Use (30 Hours)
 - b. Respondent shall submit proof of completion in the form of verification from the institution providing the education to the address indicated at paragraph 3 of this Order. 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.
 - c. This limitation shall be removed from Respondent's license and Respondent shall be granted a full, unrestricted license after satisfying the Board or its designee that he has successfully completed all of the ordered continuing education.
2. **Robert E. Scheetz** shall, within 180 days of the date of this Order, pay **COSTS** of this matter in the amount of **ONE THOUSAND DOLLARS (\$1,000.00)**.
3. Proof of successful course completion, payment of costs (made payable to the Wisconsin Department of Regulation and Licensing), and any petition for removal or modification of the limitations, shall be mailed, faxed or delivered by Respondent 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) 267-3817, Fax (608) 266-2264
4. 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 payment of the costs as ordered or fails to comply with the ordered continuing education as set forth above, Respondent's license (#10-

1204) may, in the discretion of the board or its designee, be SUSPENDED, without further notice or hearing, until Respondent has complied with payment of the costs or completion of the continuing education.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

By:  CHAIR
A Member of the Board

5/11/2011
Date