

# 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 THE DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : FINAL DECISION AND ORDER  
JUDITH HAYES, :  
RESPONDENT. : ORDER 0000 854

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Division of Enforcement Case No. 10 APP 026

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

Judith Hayes  
9510 Oakhurst Rd.  
Seminole, FL 33776

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 Judith Hayes (dob 9/14/1953) is licensed in the State of Wisconsin as a Certified Residential Appraiser and Licensed Appraiser, having license number 09-868, first issued on 6/23/1994 and current through 12/14/2011. Ms. Hayes' most recent address on file with the Wisconsin Department of Regulation and Licensing ("Department") is 9510 Oakhurst Rd., Seminole, FL 33776. She is also licensed as a real estate appraiser by the State of Florida.
2. Ms. Hayes was hired by Alpine Financial LLC of Wauwatosa, WI on behalf of the property owner to perform an appraisal of the property located at 5835 N 37<sup>th</sup> St., Milwaukee, WI 53209-4017 ("Subject Property"). On or about 5/30/09, Ms. Hayes performed an appraisal, submitting a report valuing the Subject Property at \$125,000.

3. On or about 4/15/2010, the Department received a complaint against Ms. Hayes from Daniel Ludwig.
4. The May 30, 2009 appraisal completed by Ms. Hayes was reviewed by the Department and it was determined that the appraisal (and the accompanying reports) violated the Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rules (SR) 1-1(a) and (c); SR 1-2 (a), (b), and (e); SR 1-3 (a) and (b); SR 1-4 (a) and (b); SR 1-6 (a) and (b); SR 2-1 (a) and (b); and SR 2-2(b)(i), (ii), (iii), (viii) and (ix) as follows:
  - a. SR 1-1(a)
    1. The recognized methods and techniques were not correctly employed as outlined below.
  - b. SR 1-1(c)
    1. A series of errors were made that affect the overall credibility of the results as outlined below.
  - c. SR 2-1(a)
    1. The opinion of value was not supported, and the report seems to be misleading. At best, the report is unreliable, and at worst, it is intentionally misleading.
  - d. SR 1-2(a) & SR 2-2(b)(i)
    1. This is an FHA appraisal and therefore must conform to HUD Handbooks 4150.2, 4905.1, and their attendant appendices and mortgagee letters. Handbook 4150.2, Section 4-2(E) states: “[t]he intended users include the lender and HUD.” HUD was not identified as an intended user in the report.
  - e. SR 1-2(b) & SR 2-2(b)(ii)
    1. This is an FHA appraisal and therefore must conform to HUD Handbooks 4150.2, 4905.1, and their attendant appendices and mortgagee letters. Handbook 4150.2, Section 4-2(E) states: “[t]he intended use or function for all appraisals prepared for FHA is to support the underwriting requirements for an FHA-insured mortgage.” This use was not identified in the report.
  - f. SR 1-2(e) & SR 2-2(b)(iii)
    1. By listing “N/A” in the appraisal, the appraiser did not adequately describe the neighborhood.
    2. The appraiser described both the Subject Property’s lot dimensions and area as “.118ACRES+/-.” Dimensions include at least two directional values. By listing the same number that described the area of the lot, the appraiser failed to accurately describe the dimensions.
    3. The appraiser provided an effective age of 15 years, but did not adequately justify this number given the actual age of 74 years.
    4. The appraiser’s floor plan sketch does not reflect the dormer visible in the front photo. The appraiser’s square footage was 156 square feet larger than that of the assessor.
  - g. SR 1-3(a)

1. The appraiser's analysis of market area trends was not thorough or consistent, and did not provide an adequate justification for the reported outcomes.
- h. SR 1-3(b) & 2-2(b)(ix)
    1. The appraiser stated that the highest and best use is the current use. However, the appraiser did not show any proof of analyzing the relevant legal, physical, and economic factors to the extent necessary to support the conclusion.
  - i. SR 1-4(a)
    1. The description of comparables on the sales grid in the sales comparison approach had multiple errors.
    2. Many of the comparables provided appear to be different in quality and condition and were either not adjusted for these features, or no explanation was provided regarding how adjustments were made.
  - j. SR 1-4(b) & SR 2-1(b)
    1. The appraiser used market extraction as the method of land valuation, but did not provide any sales data. This is not acceptable when used in a summary report.
    2. The appraiser used the age/life method to calculate depreciation, but the calculations were incorrect. According to the age/life method, with a total life of 70 years and an effective age of 15 years, the depreciation should be \$29,674.28. The appraiser calculated it to \$22,263.
  - k. SR 1-6(a) & SR 2-2(b)(viii)
    1. There was no reconciliation within the sales approach or the cost approach.
  - l. SR 1-6(b) & SR 2-2(b)(viii)
    1. The appraiser gave the most weight to the sales comparison approach, but the explanation provided did not reference the cost approach or the income approach.

#### 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 constitutes a violation of:
  - a. SR 1-1(a);
  - b. SR 1-1(c);
  - c. SR 2-1(a);
  - d. SR 1-2(a) & SR 2-2(b)(i);
  - e. SR 1-2(b) & SR 2-2(b)(ii);
  - f. SR 1-2(e) & SR 2-2(b)(iii);
  - g. SR 1-3(a);
  - h. SR 1-3(b) & SR 2-2(b)(ix);
  - i. SR 1-4(a);

- j. SR 1-4(b) & 2-1(b);
  - k. SR 1-6(a) & SR 2-2(b)(viii); and
  - l. SR 1-6(b) & SR 2-2(b)(viii).
3. As a result of the above USPAP violations, Ms. Hayes is deemed to have also violated Wis. Admin. Code § RL 86.01(2).
4. By committing the aforementioned violations, Respondent is subject to discipline pursuant to Wis. Admin. Code § RL 86.01(1) and Wis. Stat. §§ 458.26(3)(b),(3)(c), and (4).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

2. The Certified Residential Appraiser and Licensed Appraiser license issued to **Judith Hayes** (#09-868) is hereby **LIMITED** as follows:
- a. Judith Hayes shall, within twelve months of the date of this Order, successfully complete the National USPAP Course (15 hours, online or classroom) and the following courses offered by McKissock Professional Education, or equivalent courses by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exam offered for the courses:
    - i. Appraising FHA Today (7 hours, online or classroom)
    - ii. Risky Business: Ways to Minimize Your Liability (7 hours, online or classroom)
    - iii. The Dirty Dozen (3 hours, online or classroom)
  - b. Ms. Hayes shall submit proof of completion 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.
  - c. The Limitation shall be removed from Respondent's license and Respondent will be granted a full, unrestricted license after satisfying the Board or its designee that she has successfully completed all of the ordered education.
3. **Judith Hayes** shall, within 120 days of the date of this Order, pay **COSTS** of this matter in the amount of **FIVE HUNDRED AND FIFTY FIVE DOLLARS (\$555.00)**.
4. Proof of successful course completion and payment of costs (made payable to the Wisconsin Department of Regulation and Licensing) shall be mailed, faxed or delivered by the 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

5. 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, the Respondent's license (#09-868) 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.
6. 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