



## STATE OF WISCONSIN

Department of Safety and Professional Services  
1400 E Washington Ave.  
Madison WI 53703

**Governor Scott Walker      Secretary Dave Ross**

Mail to:  
PO Box 8935  
Madison WI 53708-8935

Email: [dsps@wisconsin.gov](mailto:dsps@wisconsin.gov)  
Web: <http://dsps.wi.gov>

Voice: 608-266-2112 • FAX: 608-267-3816 • TTY: 608-267-2416

**REAL ESTATE APPRAISERS BOARD**  
**Room 121A, 1400 E. Washington Avenue, Madison**  
**Contact: Berni Mattsson 608-266-8741**  
**February 22, 2012**

*The following agenda describes the issues that the Board plans to consider at the meeting. At the time of the meeting, items may be removed from the agenda. Please consult the meeting minutes for a description of the actions and deliberations of the Board.*

**9:00 A.M.**

OPEN SESSION – CALL TO ORDER – ROLL CALL

**A. Adoption of Agenda (1-3)**

**B. Approval of Minutes – August 24, 2011 (5-12)**

**C. Election of Officers and Board Assignments (13)**

1) **Continuing Ed Liaison**

**D. Executive Director Matters**

1) 2012 Meeting Dates (**15**)

2) Annual Policy Review: Board Member Guidebook (17-48)

**E. Presentation of Proposed Stipulations, Final Decisions and Orders by the Division of Enforcement including any received after printing of the agenda**

1) 10 APP 029 – June Jackson (49-55)

2) 11 APP 008 – Vicki Knoble (57-63)

3) 09 APP 091 – Sean Brown (65-72)

4) 10 APP 010 – John Spence (73-83)

5) 10 APP 019 – James Kaysen (85-90)

6) 10 APP 052 – Matthew Haasch (91-102)

7) Delegation from Real Estate Appraisers Board to DSPS, 09 APP 063 (103)

**F. Board Review and Discussion of the Fifth Exposure Draft of Proposed Revisions to the Future Real Property Appraiser Qualification Criteria (105-147)**

**G. New AQB criteria (149)**

**H. ASC preliminary compliance report and WI response (151-156)**

- I. Review of Discretionary Disciplinary Action Matrix (157-183)
- J. Board Discussion Items including any received after printing of agenda
  - 1) Division of Enforcement Matters
  - 2) Education and Examination Issues Matters
    - a. Review new form to be used for renewal/retirement if Real Estate Appraiser Continuing Education Courses (185-186)
    - b. 2009-2011 Real Estate Appraiser Continuing Education Compliance Audit Report (187)
  - 3) Credentialing Matters
  - 4) Practice Questions/Issues
  - 5) Legislation/Administrative Rule Matters
    - a) Report comparing and contrasting WI Realtors Association Appraisal Management Company legislation proposal and Appraisal Management Company Registration and Regulation Model Act. (189-232)
    - b) Mandatory Licensure or Certification of Providers of Appraisals (233-239)
  - 6) Liaison Reports
  - 7) Speaking Engagement, Travel, Public Relation Requests

K. Informational Items

L. New Business

M. Public Comments

**CONVENE TO CLOSED SESSION to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; consider closing disciplinary investigation with administrative warning (s. 19.85(1)(b), Stats. And 440.205, Stats., to consider individual histories or disciplinary data (s. 19.85 (1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats.)**

**N. Deliberation of Proposed Stipulations, Final Decisions and Orders including any received after printing of the agenda**

- 1) 10 APP 029 – June Jackson (49-55)
- 2) 11 APP 008 – Vicki Knoble (57-63)
- 3) 09 APP 091 – Sean Brown (65-72)
- 4) 10 APP 010 – John Spence (73-83)
- 5) 10 APP 019 – James Kaysen (85-90)
- 6) 10 APP 052 – Matthew Haasch (91-102)
- 7) Delegation from Real Estate Appraisers Board to DSPS, 09 APP 063 (103)

**O. Case Closings, Citations, and Case Status Report or any received after printing of agenda (241)**

- 1) 10 APP 041 (243-255)
- 2) 11 APP 007 (257-260)
- 3) 11 APP 010 (261-265)
- 4) 11 APP 016 (267-274)
- 5) 10 APP 014 (275-279)
- 6) 10 APP 018, 10 APP 023, 10 APP 058, 10 APP 062 (281-284)
- 7) 11 APP 036 (285-291)

- 8) 10 APP 059 (293-298)
- 9) 10 APP 046 (299-304)
- 10) 11 APP 042 (305-309)
- 11) 11 APP 014 (347-350)

**P. Monitoring Cases including any received after printing of the agenda**

- 1) Robert Shovers-referral for non-compliance (311-323)
- 2) Donald Wergin-referral for non-compliance (325-346)

**Q. Deliberation of other items received after printing of agenda**

- 1) Case Closings
- 2) Case Status Report
- 3) Proposed Decisions
- 4) Summary Suspensions
- 5) Objections and Responses to Objections
- 6) Complaints
- 7) Administrative Warnings
- 8) Matters Relating to Costs
- 9) Monitoring Cases
- 10) Appearances from Requests Received or Renewed
- 11) Examination Issues
- 12) Application Issues
- 13) PAP Cases
- 14) Motions

**R. Consulting with Legal Counsel**

**RECONVENE TO OPEN SESSION IMMEDIATELY FOLLOWING CLOSED SESSION**

**S. Vote on Items Considered or Deliberated Upon in Closed Session, if Voting is Appropriate**

**T. Other Board Business**

**ADJOURNMENT**

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**REAL ESTATE APPRAISERS BOARD  
MINUTES  
AUGUST 24, 2011**

**PRESENT:** Marla Britton, Sharon Fiedler, Lawrence Nicholson, Edward Potter, Henry Simon

**ABSENT:** Jose Perez

**STAFF:** Dan Williams, Bureau Director; Lydia Thompson, Legal Counsel; Karen Rude-Evans, Bureau Assistant; other DSPS staff

**GUESTS:** Debbi Conrad, Wisconsin Realtors Association; Jenny Tidwell and Neal Fenochietti, Federal Auditors

**CALL TO ORDER**

Marla Britton, Chair, called the meeting to order at 9:10 a.m. A quorum of five (5) members was confirmed.

**APPROVAL OF AGENDA**

**Amendments:**

- Under PRESENTATION OF PROPOSED STIPULATIONS (open) - one additional stipulation:
  - John F. Hochrek - 11 APP 021
- Item E, (open) – add Memo from Appraisal Subcommittee regarding Mandatory AQB Criteria for State Licensed Appraisers
- Item G (open) – MEETING AND DISCUSSION WITH FEDERAL AUDITORS – this item is moved to after closed session, immediately following when the Board reconvenes to open session
- Under DELIBERATION OF PROPOSED STIPULATIONS (closed) - one additional stipulation:
  - John F. Hochrek - 11 APP 021
- Case Status Report – insert at the end of closed session items

**MOTION:** Edward Potter moved, seconded by Lawrence Nicholson, to approve the agenda as amended. Motion carried unanimously.

**APPROVAL OF MINUTES OF MAY 11, 2011**

**MOTION:** Edward Potter moved, seconded by Henry Simon, to approve the minutes of May 11, 2011 as written. Motion carried unanimously.

**ADMINISTRATIVE REPORT**

Dan Williams reported the out of state travel policy has been revised. Travel that is funded by a third party will now be considered provided there is no cost to the State. The Department of Regulation and Licensing has been renamed the Department of Safety and Professional Services.

**PRESENTATION OF PROPOSED STIPULATION(S)**

DOE attorney Pete McCombs presented the following proposed stipulation:

- John F. Hochrek – 11 APP 021

All proposed stipulations will be deliberated in closed session.

**BOARD REVIEW AND DISCUSSION OF ADDING RL'S AND STATUTES AS A CROSS REFERENCE TO THE USPAP DISCIPLINARY MATRIX**

DOE attorney Peter McCombs reviewed and discussed the disciplinary matrix with the Board. The Board recommended several language changes.

**MOTION:** Sharon Fiedler moved, seconded by Lawrence Nicholson, to adopt the language changes to the disciplinary matrix and to have this as a standing agenda item. Motion carried unanimously.

**BOARD REVIEW AND DISCUSSION OF 2011 SUMMARY OF ACTIONS RELATED TO PROPOSED USPAP CHANGES (ADOPTED APRIL 8, 2011)**

The Board reviewed the proposed USPAP changes. Dan Williams informed the Board there is a video presentation of this information on the Appraisal Foundation website.

**BOARD REVIEW AND DISCUSSION OF THE FOURTH EXPOSURE DRAFT OF  
PROPOSED REVISIONS TO THE FUTURE REAL PROPERTY APPRAISER  
QUALIFICATION CRITERIA**

The Board discussed with Jenny Tidwell, Federal Auditor, the fourth exposure draft of the proposed revisions to the future real property appraiser qualification criteria.

**PRACTICE ISSUES**

There were no practice issues.

**LEGISLATION AND ADMINISTRATIVE RULES**

There were no additional issues to discuss.

**BOARD MEMBER ACTIVITY**

There were no activities to report.

**NEW BUSINESS**

**New Mandates for UAD**

Board members expressed concerned about format of the UAD and USPAP compliance. The changes will be effective September 1, 2011.

**MOTION:** Marla Britton moved, seconded by Edward Potter, to remind all credentialed appraisers that the use of forms does not guarantee USPAP compliance, and it is the appraiser's responsibility to determine compliance with USPAP. Motion carried unanimously.

**Licensing of AMC's**

The Board discussed the licensing of AMC's.

**MOTION:** Sharon Fiedler moved, seconded by Lawrence Nicholson, that the Board shall regulate appraisal management companies (AMC's). Motion carried unanimously.

**INFORMATIONAL ITEMS**

The Board discussed the information from the Appraisal Subcommittee related to the mandatory AQB criteria for state licensed appraisers.

**PUBLIC COMMENTS**

There were no public comments.

**CONVENE TO CLOSED SESSION**

**MOTION:** Edward Potter moved, seconded by Sharon Fiedler, to convene to Closed Session to deliberate on cases following hearing (s. 19.85(1) (a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by roll call vote: Marla Britton-yes, Sharon Fiedler-yes; Lawrence Nicholson-yes; Edward Potter-yes, Henry Simon - yes.

Open Session recessed at 11:55 p.m.

**RECONVENE TO OPEN SESSION**

**MOTION:** Edward Potter moved, seconded by Henry Simon, to reconvene into Open Session. Motion carried unanimously.

Open session reconvened at 1:31 p.m.

**MEETING AND DISCUSSION WITH FEDERAL AUDITORS**

Federal Auditors Jenny Tidwell and Neal Fenochietti reviewed the results of the audit with the Board. A letter will follow as to the official result of the audit.

**VOTING ON ITEMS CONSIDERED OR DELIBERATED UPON  
IN CLOSED SESSION**

**PROPOSED STIPULATIONS, FINAL DECISIONS AND ORDERS**

**THOMAS J ELLIOTT**

**10 APP 030**

**MOTION:** Henry Simon moved, seconded by Lawrence Nicholson, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against Thomas J. Elliott. Motion carried unanimously.

**WILLIAM H HUGHES**

**10 APP 032**

**MOTION:** Edward Potter moved, seconded by Sharon Fiedler, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against William H. Hughes. Motion carried unanimously.

**MARCIAL GALANG**

**10 APP 048**

**MOTION:** Lawrence Nicholson moved, seconded by Sharon Fiedler, to withdraw the Board's previous approval of the Proposed Decision and accept the stipulation in lieu of the alternative discipline and to reject the ALJ's proposed decision in the disciplinary proceedings against Marcial Galang. Motion carried unanimously.

**JACK D POULSON**

**10 APP 054**

**MOTION:** Henry Simon moved, seconded by Edward Potter, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against Jack D. Poulson. Motion carried unanimously.

**JAMES B BROWN**

**10 APP 057**

**MOTION:** Edward Potter moved, seconded by Sharon Fiedler, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against James B. Brown. Motion carried unanimously.

**RENE C HESS  
10 APP 066 AND 11 APP 015**

**MOTION:** Sharon Fiedler moved, seconded by Edward Potter, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against Rene C. Hess. Motion carried unanimously.

**JOHN F HOCHREK  
11 APP 021**

**MOTION:** Edward Potter moved, seconded by Lawrence Nicholson, to adopt the Findings of Fact, Conclusions of Law, Final Decision and Order in the disciplinary proceedings against John F. Hochrek. Motion carried unanimously.

**ADMINISTRATIVE WARNINGS**

**09 APP 075, C.L.S.**

**MOTION:** Edward Potter moved, seconded by Sharon Fiedler, to issue the Administrative Warning to respondent C.L.S. in case **09 APP 075**. Motion carried unanimously.

**10 APP 021, J.J.W.**

**MOTION:** Larry Nicholson moved, seconded by Edward Potter, to withdraw the previous Administrative Warning issued at the May 11, 2011 meeting and to issue the current Administrative Warning to respondent J.J.W. in case **10 APP 021**. Motion carried unanimously.

**10 APP 051, P.B.W.**

**MOTION:** Sharon Fiedler moved, seconded by Edward Potter, to issue the Administrative Warning to respondent P.B.W. in case **10 APP 051**. Motion carried unanimously.

**10 APP 055, C.W.H.**

**MOTION:** Edward Potter moved, seconded by Henry Simon, to issue the Administrative Warning to respondent C.W.H. in case **10 APP 055**. Motion carried unanimously.

**10 APP 056, S.A.V.**

**MOTION:** Sharon Fiedler moved, seconded by Edward Potter, to issue the Administrative Warning to respondent S.A.V. in case **10 APP 056**. Motion carried unanimously.

**CASE CLOSINGS**

**10 APP 069**

**MOTION:** Lawrence Nicholson moved, seconded by Edward Potter, to close case **10 APP 069** for no violation. Motion carried unanimously.

**10 APP 074**

**MOTION:** Edward Potter moved, seconded by Henry Simon, to close case **10 APP 074** for insufficient evidence. Motion carried unanimously.

**10 APP 071**

**MOTION:** Edward Potter moved, seconded by Lawrence Nicholson, to close case **10 APP 071** for insufficient evidence. Motion carried unanimously.

**11 APP 001**

**MOTION:** Edward Potter moved, seconded by Sharon Fiedler, to close case **11 APP 001** for no violation. Motion carried unanimously.

**11 APP 005**

**MOTION:** Sharon Fiedler moved, seconded by Edward Potter, to close case **11 APP 005** for prosecutorial discretion (P1) with a recommendation for a letter of education. Motion carried unanimously.

**10 APP 064**

**MOTION:** Edward Potter moved, seconded by Sharon Fiedler, to close case **10 APP 064** for prosecutorial discretion (P1). Motion carried unanimously.

**MONITORING****ROSS LARSSON**

**MOTION:** Sharon Fiedler moved, seconded by Edward Potter, to grant the request to Ross Larsson for a six-month extension from September 14, 2011 to complete the required educational coursework, General Appraiser Income Approach Parts 1 and 2. If the education is not completed within this time his license will be suspended. Mr. Larsson will need to petition the Board for the removal of the limitations. Motion carried unanimously.

**DONALD WALDVOGEL**

**MOTION:** Lawrence Nicholson moved, seconded by Henry Simon, to grant the request to Donald Waldvogel for an extension of time to September 1, 2012 to complete the required education and to deny the request for a substitution of the seven hour USPAP course. Motion carried unanimously.

**PROCEDURE FOR CASE HANDLING**

**MOTION:** Sharon Fiedler moved, seconded by Lawrence Nicholson, that for cases where there is an open investigation of an active Real Estate Appraisers Board member or an active Real Estate Appraisers Application Advisory Committee member, ALJ decisions will be adopted as written by the ALJ. Any other disciplinary reviews, such as a case closing, a stipulation or other discipline, and all non-disciplinary reviews such as an administrative warning, shall be delegated to the Secretary of the Department or his designee. Motion carried unanimously.

**ADJOURNMENT**

**MOTION:** Henry Simon moved, seconded by Lawrence Nicholson, to adjourn the meeting at 3:06 p.m. Motion carried unanimously.

**State of Wisconsin  
Department of Safety and Professional Services**

**AGENDA REQUEST FORM**

<b>Name and Title of Person Submitting the Request:</b>  <b>Bureau Assistant</b>		<b>Date When Request Submitted:</b>  <b>2011</b>	
		<b>Items will be considered late if submitted after 5 p.m. and less than:</b> <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before meeting for all other boards</li> </ul>	
<b>Name of Board, Committee, Council:</b> <b>All Boards</b>			
<b>Board Meeting Date:</b> <b>Various</b>	<b>Attachments:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>How should the item be titled on the agenda page?</b> <b>Board Elections</b>	
<b>Place Item in:</b> <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	<b>Is an appearance before the Board being scheduled? If yes, by whom?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>Name of Case Advisor(s), if required:</b>	
<b>Describe the issue and action the Board should address:</b> <b>Conduct Elections for Board officers for the 2012 calendar year. Board appointments will be made by the newly elected chairperson and the first Board meeting in 2012.</b>			
<b>If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:</b>			
<b>Directions for including supporting documents:</b> <ol style="list-style-type: none"> <li>1. This form should be attached to any documents submitted to the agenda.</li> <li>2. Late Adds must be authorized by a Supervisor, DOE Division Administrator, and Bureau Director.</li> <li>3. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.</li> </ol>			
<b>Authorization:</b>			
<b>Signature of person making this request</b>		<b>Date</b>	
<b>Supervisor (if required)</b>		<b>Date</b>	
<b>Division Administrator (if required)</b>		<b>Date</b>	
<b>Bureau Director signature (indicates approval to add late items to agenda)</b>		<b>Date</b>	

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**MEMO**

**TO:** Real Estate Appraisers Board

**FROM:** David Carlson

**DATE:** 02/10/2012

**RE:** 2012 Meeting Dates

Board meeting dates have been scheduled as follows.

February 22	Meeting	9:00 a.m.	Room 121A
May 9	Meeting	9:00 a.m.	Room 121A
August 22	Meeting	9:00 a.m.	Room 121A
November 14	Meeting	9:00 a.m.	Room 121A

**2012 Screening Panel Meetings when the Board does not meet:**

Not yet determined.

**For any complaint intake or screening panel matters, please contact Dennie Petersen at 800-321-3725 or at [dennie.petersen@wisconsin.gov](mailto:dennie.petersen@wisconsin.gov).**

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**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

1) Name and Title of Person Submitting the Request:  David Carlson, Bureau Assistant		2) Date When Request Submitted: 02/06/2012  Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
3) Name of Board, Committee, Council, Sections:  Real Estate Appraisers Board			
4) Meeting Date:  2/22/2012	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page?  Annual Policy Review: Board Member Guidebook	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing?  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:  N/A	
10) Describe the issue and action that should be addressed:  Please review the Board Member Guidebook, sign the acknowledgement page to indicate your understanding of this document and submit your completed signature page to your Executive Director by March 22, 2012.  Your completed signature page can be mailed, scanned and e-mailed, or sent by fax to: Department of Safety and Professional Services Berni Mattsson, Executive Director 1400 E. Washington Ave Madison, WI 53703 E-mail: <a href="mailto:Berni.Mattsson@Wisconsin.gov">Berni.Mattsson@Wisconsin.gov</a> Fax: 608-267-3816			
11) Authorization			
<i>David Carlson</i>		02/06/12	
Signature of person making this request		Date	
Supervisor (if required)		Date	
Executive Director signature (indicates approval to add post agenda deadline item to agenda)		Date	
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Executive Assistant prior to the start of a meeting.			

# **Department of Safety and Professional Services**



## **Division of Board Services Board Member Guidebook**

# **Division of Board Services**

# **Board Member**

# **Guidebook**

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# Department Information

# The Department of Safety and Professional Services

## History:

The 2011-13 biennial budget, 2011 Wisconsin Act 32 created the Department of Safety and Professional Services (DSPS) by combining the Department of Regulation and Licensing (DRL) and the Divisions of Safety and Buildings and Environmental and Regulatory Services from the Department of Commerce.

Chapter 75, Laws of 1967, created DRL and attached to it 14 separate examining boards that had been independent agencies. The 1967 reorganization also transferred to the department some direct licensing and registration functions not handled by boards, including those for private detectives and detective agencies, charitable organizations, and professional fund-raisers and solicitors.

DRL's responsibilities changed significantly since its creation. Initially, it performed routine housekeeping functions for the examining boards, which continued to function as independent agencies. Subsequently, a series of laws required the department to assume various substantive administrative functions previously performed by the boards and to provide direct regulation of several professions.

The DSPS Division of Safety and Buildings traces its roots to 1911 when the Legislature created the Industrial Commission in Chapter 485 to set standards for a safe place of employment. This "safe place" statute was extended in Chapter 588, Laws of 1913, to include public buildings, defined as "any structure used in whole or in part as a place of resort, assemblage, lodging, trade, traffic, occupancy, or use by the public, or by three or more tenants." The commission adopted its first building code in 1914. Programs added over the years include plumbing, heating, ventilation, air conditioning, energy conservation, private on-site waste treatment systems, accessibility for people with disabilities, and electrical inspection and certification. These responsibilities and the job of administering various other laws relating to the promotion of safety in public and private buildings, including enforcing building codes, and the licensure of occupations such as electricians and plumbers, were ultimately assumed by the Department of Commerce.

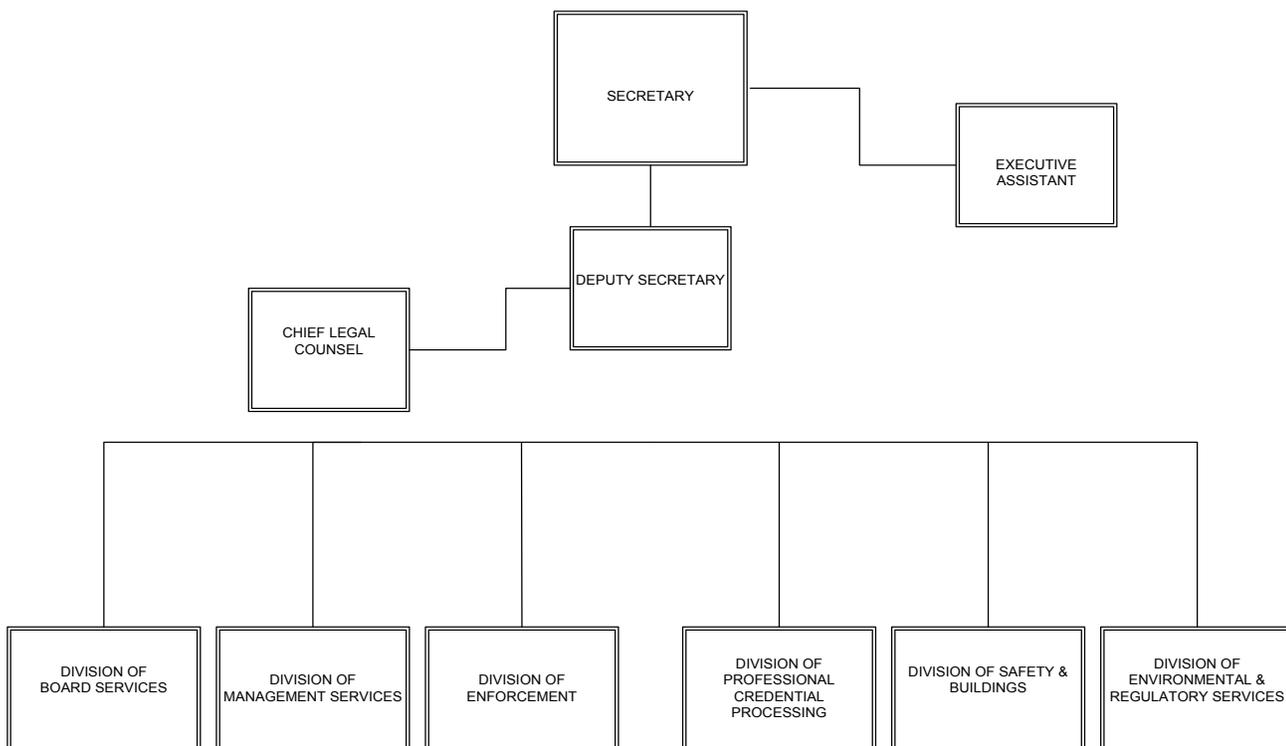
The DSPS Division of Environmental and Regulatory Services was created by 1995 Wisconsin Act 27 which transferred the PECFA program and the safety and buildings functions from the Department of Industry, Labor and Human Relations to the Department of Commerce.

# The Department of Safety and Professional Services

## Quick Facts

- Responsible for ensuring the safe and competent practice of licensed professionals in Wisconsin. The department also administers and enforces laws to assure safe and sanitary conditions in public and private buildings and regulates petroleum products and petroleum storage tank systems.
- Provides policy coordination and centralized administrative services for more than 70 boards, sections, councils, advisory committees, and direct licensing professions.
- Oversees the regulation of 200 types of credentials and specialty permits in more than 60 professional fields.
- Issues over 27,500 new credentials and renews more than 430,000 credential holders each biennium.
- Organized into six divisions and two offices:
  - Office of the Secretary
  - Division of Board Services
  - Division of Enforcement
  - Division of Environmental and Regulatory Services
  - Division of Management Services
  - Division of Professional Credential Processing
    - Office of Education and Examinations
  - Division of Safety and Buildings
- 379.6 full-time employees.
- Receives more than 2,500 consumer complaints per year.
- Verifies about 7,000 Wisconsin licenses per year to other states.

# The Department of Safety and Professional Services Organizational Structure



# **Division of Board Services**

## **Mission of DSPS and the Boards**

To protect the health, safety and well-being of the citizens of Wisconsin by ensuring the safe and competent practice of licensed professionals at the least cost to the state.

To ensure the availability of safe and competent professional services by:

- fairly administering education, experience and examination requirements;
- establishing professional practice standards;
- ensuring compliance by enforcing occupational licensing laws.

## **Division of Board Services-Board Staff**

17 staff in Board Services

1 Division Administrator

1 Program Assistant Supervisor

4 Executive Directors

4 Legal Counsel

4 Bureau Assistants

1 Adv-Paralegals

2 Paralegal

- There are approximately 300 board, council and committee members.
- A Bureau Director, Legal Counsel, and Bureau Assistant are assigned to each profession.
- The Division averages approximately 15 board, council and committee meetings each month.
- There are about 185 meetings scheduled each year.
- Provide the coordination and facilitation of a number of professional and administrative services to all of the regulatory boards, councils and committees.
- Provide administrative support.
- Coordinate and manage the business of each board, council or committee.
- Assist in facilitating the meetings.
- Provide professional services (analysis, evaluation and research).
- Coordinate drafting and implementation of laws, rules and policies.
- Coordinate board member travel and reimbursement processing.



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**DIVISION OF BOARD SERVICES**  
**BOARD ASSIGNMENTS**

<b>Tom Ryan, Executive Director</b> <b>Sandy Nowack, Legal Counsel</b> <b>Karen Rude-Evans, Bureau Asst</b> <b>Shawn Leatherwood, Adv</b> <b>Paralegal</b>	<b>Denise Aviles, Executive Director</b> <b>Yolanda McGowan, Legal Counsel</b> <b>Michelle Solem, Bureau Asst</b> <b>Kris Anderson, Paralegal</b>	<b>Dan Williams, Executive Director</b> <b>Colleen Baird, Legal Counsel</b> <b>Kimberly Wood, Bureau Asst</b> <b>Sharon Henes, Paralegal</b>	<b>Berni Mattsson*, Executive Director</b> <b>Lydia Thompson, Legal Counsel</b> <b>David Carlson, Bureau Asst.</b> <b>Kris Anderson/Sharon Henes,</b> <b>Paralegal</b>
<ul style="list-style-type: none"> <li>▪ Medical Examining Board               <ul style="list-style-type: none"> <li>▫ Athletic Trainers Affiliated Credentialing Board</li> <li>▫ Council on Physician Assistants</li> <li>▫ Dietitians Affiliated Credentialing Board</li> <li>▫ Occupational Therapists Affiliated Credentialing Board</li> <li>▫ Perfusionists Examining Council</li> <li>▫ Podiatry Affiliated Credentialing Board</li> <li>▫ Respiratory Care Practitioners Examining Council</li> <li>▫ Massage Therapy &amp; Bodywork Therapy Affiliated Credentialing Board</li> </ul> </li> <li>▪ Nursing Home Ad. Ex Bd                (Colleen Baird – Legal Counsel)</li> <li>▪ Physical Therapy Ex. Bd</li> <li>▪ Radiography Ex. Bd</li> <li>▪ Veterinary Ex. Bd</li> </ul>	<ul style="list-style-type: none"> <li>▪ Accounting Examining Bd</li> <li>▪ Architects, Landscape Architects, Professional Engineers, Designers &amp; Land Surveyors Examining Board               <ul style="list-style-type: none"> <li>▫ Architects Section</li> <li>▫ Designers Section</li> <li>▫ Engineers Section</li> <li>▫ Landscape Architects Section</li> <li>▫ Land Surveyors Section</li> </ul> </li> <li>▪ Barbering &amp; Cosmetology Examining Board</li> <li>▪ Chiropractic Examining Bd</li> <li>▪ Crematory Authority Council</li> <li>▪ Funeral Directors Ex. Bd</li> <li>▪ Real Estate Board               <ul style="list-style-type: none"> <li>▫ RE Contractual Forms Advisory Committee</li> <li>▫ RE Curriculum &amp; Examination Council</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Controlled Substances Board</b></li> <li>▪ Geologists, Hydrologists &amp; Soil Scientists Examining Bd.               <ul style="list-style-type: none"> <li>▫ Geologists Section</li> <li>▫ Hydrologists Section</li> <li>▫ Soil Scientists Section</li> </ul> </li> <li>▪ Marriage &amp; Family Therapy, Professional Counseling, and Social Work Examining Bd.               <ul style="list-style-type: none"> <li>▫ Marriage &amp; Family Therapist Section</li> <li>▫ Professional Counselor Section</li> <li>▫ Social Worker Section</li> </ul> </li> <li>▪ Nursing, Board of               <ul style="list-style-type: none"> <li>▫ Examining Council on Licensed Practical Nurses</li> <li>▫ Examining Council on Registered Nurses</li> </ul> </li> <li>▪ Pharmacy Examining Board                (Lydia Thompson – Legal Counsel)</li> <li>▪ Psychology Examining Board</li> </ul>	<ul style="list-style-type: none"> <li>▪ Auctioneer Board</li> <li>▪ Cemetery Board</li> <li>▪ Dentistry Examining Board</li> <li>▪ Hearing &amp; Speech Examining Board               <ul style="list-style-type: none"> <li>▫ Council on Speech-Language Pathology &amp; Audiology                    (Colleen Baird – Legal Counsel)</li> </ul> </li> <li>▪ Optometry Ex. Board</li> <li>▪ Real Estate Appr. Board*               <ul style="list-style-type: none"> <li>▫ REA App Adv Com</li> </ul> </li> <li>▪ Sign Language Interp. Council</li> </ul>
<p><b>Direct Licensing:</b></p> <ul style="list-style-type: none"> <li>▪ Boxing</li> <li>▪ Home Inspectors</li> <li>▪ Interior Designers</li> <li>▪ Peddlers</li> <li>▪ Charitable Organizations</li> <li>▪ Professional Fund Raisers</li> </ul>	<p><b>Direct Licensing:</b></p> <ul style="list-style-type: none"> <li>▪ Athletic Agents Adv. Com.</li> <li>▪ Private Detectives</li> <li>▪ Private Security Persons               <ul style="list-style-type: none"> <li>▫ Firearms Permits</li> <li>▫ Firearms Certifiers</li> </ul> </li> </ul>	<p><b>Direct Licensing:</b></p> <ul style="list-style-type: none"> <li>▪ Behavioral Analysts</li> <li>▪ Sanitarians</li> <li>▪ Substance Abuse Counselors</li> </ul>	<p><b>Direct Licensing:</b></p> <ul style="list-style-type: none"> <li>▪ Acupuncture</li> <li>▪ Licensed Midwives Advisory Committee</li> <li>▪ Music, Art &amp; Dance Therapy</li> <li>▪ Professional Employer Organizations</li> </ul> <p><b>Where indicated by the following, the Bureau Assistants differ from the staff listing:</b></p> <ul style="list-style-type: none"> <li>• Lydia – Green</li> <li>• Sandy - Purple</li> <li>• Colleen - Orange</li> <li>• Karen – Red</li> <li>• Michelle - Yellow</li> <li>• Kim – Blue</li> </ul> <p>*Berni Mattsson also provides support to the Boards and Councils associated with the Division of Safety &amp; Buildings.</p>

# **Powers and Responsibilities**

## Powers of Regulatory Bodies

- **Examining Boards**

**Authority:**

- Set standards of professional competence and conduct for the professions.
- Prepare, conduct and administer examinations.
- Grant and deny credentials (licenses).
- Impose discipline.

**Appointed By:** Governor with Senate confirmation.

**Reimbursement:** Per Diem: \$25  
Expenses: Actual and necessary expenses incurred in the performance of Examining Board duties.

- **Affiliated Credentialing Boards**

Bodies that are attached to an Examining Board to regulate professions that do not practice independently of the profession regulated by the Examining Board or that practice in collaboration with the profession regulated by the Examining Board.

**Authority:** With the advice of the examining board to which it is attached, sets standards of professional competence and conduct for the profession under the Affiliated Credentialing Board's supervision, reviews the qualifications of prospective new practitioners, grants credentials, and takes disciplinary action against credential holders.

**Appointed By:** Governor with Senate confirmation.

**Reimbursement:** Per Diem: \$25  
Expenses: Actual and necessary expenses incurred in the performance of Board duties.

- **Examining Councils and Councils**

**Authority:** Serve an Examining Board in an advisory capacity to:

- Formulate rules to be promulgated by the Examining Board or department for the regulation of the specific profession.

**Appointed By:** Some Councils have members appointed by the Governor and others have members appointed by an Examining Board. Senate confirmation is not required. The Governor has the authority to appoint all public members.

**Reimbursement:** Per Diem: No compensation  
Expenses: Actual and necessary expenses incurred in the performance of Council duties.

- **Auctioneer and Real Estate Appraisers Boards**

**Authority:** Advisory in all matters, except:

- Screening complaints.
- Imposing discipline.

**Appointed By:** Governor with Senate confirmation.

**Reimbursement:** Per Diem: \$25  
Expenses: Actual and necessary expenses incurred in the performance of Examining Board duties.

- **Direct Licensing Advisory Committees and Screening Panel;**

- No examining board.
- The Secretary of the Department directly regulates the profession or occupation.
- The Secretary has authority to appoint committee and panel members.
- Committee and panel members serve at the discretion and pleasure of the Secretary.
- The Committee or panel members make recommendations and advise the Secretary on issues relating to the specific profession

**Appointed By:** Department Secretary

**Reimbursement:** Per Diem: No compensation

Expenses: Actual and necessary expenses incurred in the

### **Responsibilities of a Board Member**

- You are a public official who is dedicated to public service. You are willing to sacrifice your time and tolerate inconvenience, frustration, and scheduling conflicts to be available for board service.
- You have major responsibilities to the public and credential holders.
- You ARE NOT an advocate for private interest or professional groups.
- You must represent the highest standards of ethical and professional conduct.
- You must strive to avoid any relationship, activity or position that may influence, directly or indirectly, the performance of your official duties as a board member.
- You cannot serve as spokesperson for the board unless properly designated by the board.
- You must make public (and recuse yourself from) any conflict of interest that exists to ensure the integrity of the board and all of its decisions.
- You must comply with the rules of confidentiality, at all times, in dealings outside the board meeting.

### **Importance of Public Members**

- You are the voice of the public.
- You expand the range of perspectives available for higher quality and more creative board action.
- You balance decisions that might otherwise favor one faction of the regulated group over another.
- You make the governing board more responsive to the public it affects.
- You reduce the potential for board decisions to be professionally biased.
- You lend credibility to board accessibility and decisions.
- Public Member Concerns:
  - Being intimidated by professional members' experience in the field.
  - May impede board activity if technical issues are not understood.
  - Afraid to ask questions for fear of slowing down the meeting.
  - Professional members not treating public members as Board peers.

## **Responsibilities of the Board Chair**

- Recognize board members are entitled to speak or propose motions.
- Restate the motion after it has been seconded, then open for discussion.
- Close discussion and put motions to a vote. Restate the motion exactly as it was made or amended before calling for the question.
- Announce the result of the vote immediately. A tie vote defeats a motion requiring a majority of those voting. The chair may vote to make or break a tie.
- Avoid entering into any controversy or interfering with legitimate motions.
- Maintain order and proper procedure by making necessary rulings promptly and clearly.
- Expedite board business in every way compatible with the rights of the board members. You can allow brief remarks on motions, advise board members how to take action (proper motion or form of motion), or order proposed routing action without a formal vote (“If there is no objection, the minutes will stand approved as read. Hearing no objection, so ordered”).
- Protect the board from frivolous motions whose purpose is to obstruct the board’s business. You can refuse to entertain such motions. Never adopt such a course, however, merely to expedite business.
- Guard the board’s time by having board members vote to adopt an agenda at the beginning of the meeting. Follow the agenda faithfully. Do not permit unauthorized interruptions by spectators.

## **What Makes A Successful Board Member?**

- Recognition that the goal of the board is the protection of the public.
- Embracing role as a public servant.
- Common sense and a willingness to ask questions.
- Commitment to attendance.
- Willingness to devote time and effort to the work of the board.
- Open .
- Team player.
- Fairness.
- An orderly approach to decision making.
- Ability to set aside personal/business interests.

### **Board Members Should Avoid:**

- Obsession with a single issue.
- Self-serving by bringing own agenda to the table.
- Always taking the “contrarian” view—just for show.
- Expounding on strongly held opinions that are rarely backed by fact or research.
- Unpredictable participation or attendance.

### **Disappointments Experienced As Board Members:**

- Personal goals for improvement of the profession have not been realized.
- The public has not been served fairly.
- Lack of effort and dedication on the part of other board members.
- The “wheels” of government do not move fast enough.

### **Dealing With The Volatile World Of Meetings**

Some of the ideas are best undertaken by the Chair; however, you should feel free to help any meeting to progress. After all, why should you allow your time to be wasted?

- If a participant strays from the agenda item, call him/her back: “We should deal with that separately, but what do you feel about the issue X?”
- If there is confusion, you might ask: “Do I understand correctly that ...?”
- If you do not understand, say so: “I don’t understand that, would you explain it a little more; or, do you mean X or Y?”
- If a point is too vague ask for greater clarity: “What exactly do you have in mind?”
- If the speaker begins to ramble, wait until an inhalation of breath and jump in: “Yes, I understand that such and such, does anyone disagree?”
- If someone interrupts (someone other than the rambler), you should suggest that: “We can hear your contribution after Phoebe is finished.”
- If people chat, you might either simply state your difficulty in hearing/concentrating on the real speaker or ask them a direct question: “What do you think about that point?”
- If someone gestures disagreement with the speaker (e.g., by a grimace), then make sure they are brought into the discussion next: “What do you think Phoebe?”
- If there is an error, look for a good point first: “I see how that would work if X Y Z, but what would happen if A B C?”
- If you disagree, be *very* specific: “I disagree because .....

## Ethics For Board Members

Public officials must not engage in unethical or the appearance of unethical behavior. Board members should be cognizant of how their actions may be perceived by the public.

If you have questions about certain activities, you are encouraged to consult with the attorney from the Division of Board Services assigned to your Board.

### General Standards of Conduct For Board Members

- Board members must not act in an arbitrary or capricious manner in discharging any of their public duties. All Board member decisions whether the individual or collective ones must be based upon a reasoned consideration of facts applied to the correct law.

### Primary Duties of All Board Members

- Be knowledgeable about the statutes and rules governing the Board.
- Review and make decisions on all issues presented to the Board in compliance with the law and with the ultimate goal of protecting the public.
- Be aware that Board members are viewed as representatives of the Board when they appear at public meetings and professional gatherings. Board members should not speak for the Board unless specifically authorized to do so.
- Refer public inquiries about Board issues directly to the bureau director for your Board.
- Do not participate in discussion or vote on any matter in which the Board member has a personal or professional conflict of interest.
- Prepare for Board meetings by careful review of materials. Board members shall come to the meetings with preliminary opinions of the issues to be discussed and questions for clarification.
- As a professional member of the Board, remain current in standards of practice through reviewing professional literature and attending educational programming and through actual practice or relationships with colleagues in practice.
- As a public member of the Board, become educated regarding the practice of the profession.
- Maintain absolute confidentiality regarding disciplinary matters, examinations, examination scores and other closed-session issues. The failure to maintain confidentiality could result in loss of immunity Board members enjoy for purposes of their actions as Board members.

### Discipline

- The objectives of professional discipline include the following: (1) to promote the rehabilitation of the licensee; (2) to protect the public; and (3) to deter others from engaging in similar conduct.
- Punishment of the licensee is not an appropriate consideration.
- The statutory framework which creates the Board's authority will provide the options available for discipline.
- The goal of a regulatory board is to protect the public.

## Standards of Ethical Conduct

### ■ The Five Commandments

- Do not act in an official capacity in a matter in which you have a private interest.
- Do not use your public position for a private benefit.
- Do not solicit or accept rewards or items or services likely to influence you.
- Do not use confidential information.
- Do not use your public position to obtain unlawful benefits.

### ■ Bias/ Conflict – Watch for:

- Financial Interests (employer/ employee/ competitor)
- Professional business Interests (have you worked with them in the past)
- Other – friends, non-friends
- Personal knowledge of facts which may not be in the record

# Agendas and Meetings

## Agendas and Meetings

- New Technologies – Share Point & Live Meeting.
- Agenda packets are mailed, emailed, and/or posted on Share Point about 7 calendar days prior to meeting.
- Agendas include:
  - Approval of the Agenda and Minutes
  - Open Session Items
    - Administrative Report
    - Legislation and Administrative Rules Issues
    - Public Hearings
    - Education and Exam Issues
    - Practice Questions
    - Current Issues Affecting the Profession
  - Closed Session items
    - Stipulations
    - Administrative Warnings
    - Deliberations on Proposed Disciplinary Actions
    - Case Closings
    - Monitoring Issues
    - Credentialing Issues
    - Exam Issues
- Agendas are published for public notice every Wednesday prior to the meeting on the Department's web site
- Meetings must comply with the Open Meetings Law.
- "To-Do" lists are distributed to staff within three (3) days after a meeting.
- Minutes are prepared within five (5) days after the board meeting.
  - Once the board approves the minutes, they are published on the Department's web site.

# Expenses and Travel

## General Expense Reimbursement Guidelines

- State statutes and Code of Ethics strictly prohibit any board member, his or her family, or co-workers from benefiting personally from free flight plans, lodging, meals, or other promotions which result from travel incurred in connection with board official business and paid from state or federal funds.
- All travel-related expenses are reimbursable within the limitations established by the Department of Employment Relations and the Department of Administration.
- Any board member whose appointment has been confirmed by the Senate or who has been nominated to fill a vacant board position is eligible to receive a per diem. Council and Committee members are not eligible for a per diem.
- Any board, council or committee member whose appointment has been confirmed by the Senate or who has been nominated to fill a vacant position is eligible to receive travel expenses for each day on which he or she has actually and necessarily engaged in the performance of board duties. If you are employed by the State of Wisconsin these requirements do not apply.
- All per diem and travel expense reimbursement vouchers must be submitted to the Department **within a month of the activity** in which payment is being requested.
- Any board member who wishes to attend out-of-state regional or national meetings or conventions must have prior approval by the Board and the Department, if he or she wishes to receive reimbursement for expenses by the Department.
- Employees in travel status are expected to use good judgment when incurring travel costs. Only expenses incurred while conducting official State business will be reimbursed. Reimbursement claims must represent actual, reasonable and necessary expenses.
- Reimbursement for air travel is limited to the lowest appropriate airfare which is defined as coach fare, which provides for not more than a 2-hour window from the traveler's preferred departure or arrival time and may require one plane transfer.
- Benefits from any airline promotion program, such as frequent flier points or credit vouchers, belong to the State and should be turned over to the Department.

## Lodging Accommodations

- Hotel arrangements for board meetings are scheduled by the department for all board meetings at the beginning of each year.
- Lodging the night before a board meeting will be reimbursed provided the board member would have to leave home before 6:00 a.m. in order to be at the meeting site by the set meeting time.
- Maximum reimbursement rate for in-state lodging is \$70, except in Milwaukee, Waukesha and Racine counties where the rate is \$80.
- Maximum reimbursement rates for out-of-state lodging are determined by the Office of State Employment Relations. In cases where a board member stays at the conference site, the conference room rate is allowable.

## Per Diem Guidelines

### **\$25 per day**

*(Only one per diem may be claimed per calendar day.)*

Examples:

- Attend board meeting or participate in a board meeting by telephone.
- Attend a Screening Panel Session when held on a day other than a board meeting date, in person or by telephone.
- Senate confirmation hearing.
- Exam administration or test development
- Attend a legislative or other public hearing as an authorized representative of the board on matters directly related to the work of the board. Prior approval from the secretary is required for per diem payments for more than one board-authorized representative at a public hearing.
- Represents the board at a meeting of a governmental body or other organization where attendance is necessary to the performance of the board's official duties.

### **5-Hour Rule**

- \$25 for performing a cumulative minimum of 5 hours engaged in:
  - Duties as a disciplinary case screener or board advisor including reviewing cases, consulting with investigators, etc. (NOTE: You will need to document the exact times performing these duties on your per diem form.
  - Preparation of board correspondence or articles
- Hours can only be claimed in the month the duties were performed. Hours cannot carry over to other months.

### **Insufficient Basis For Approval of a Per Diem**

- Travel days to or from board meetings, conferences, and other events when there is no event business conducted.
- Reading board agendas, meeting packets, minutes or transcripts.
- Attendance at professional association meetings, conferences, seminars, exam administrator or test development if there has not been prior board authorization and approval of the Secretary's office.

## Travel and Meal Guidelines

- **Mileage rate --** 48.5 cents per mile
- **Private Airplane--** 48.5 cents per mile
- **Meals** (*Maximum amounts*)

	<u>In-State Travel</u>	<u>Out-of-State Travel</u>
Breakfast	\$8	\$10
You must leave home before 6:00 a.m.		
Lunch	\$9	\$10
You must depart before 10:30 a.m. & return after 2:30 p.m.		
Dinner	\$17	\$20
You must return home after 7:00 p.m.		

*NOTE: Alcoholic beverages may not be claimed for any meal.*

- **Telephone:** One personal call home is reimbursable up to \$5 for each night in travel status.
- **Hotel Gratuities:** Gratuities to hotel employees are reimbursable up to \$2 on dates of departure and arrival, and up to \$2 per night for a stay at a hotel/motel.
- **Porterage:** Porterage costs at airports or bus terminals will be reimbursed. The claim should not exceed \$1 per piece of luggage.
- **Taxi/Shuttle:** Receipts are required for one-way fares exceeding \$25.

### Examples of Non-reimbursable Items

This list is not all-inclusive

- Traffic citations, parking tickets and other fines
- Mileage charges incurred for personal reasons, e.g., sightseeing, side trips, etc.
- Additional charges for late checkout
- Taxi fares to and from restaurants
- Meals included in the cost of registration fees or airfare
- Flight insurance
- Cancellation charges (unless fully justified)
- Alcoholic beverages
- Spouse or family members' travel costs
- Lost/stolen cash or personal property
- Personal items, e.g., toiletries, luggage, clothing, etc.
- Repairs, towing service, etc., for personal vehicle
- Pay-for-view movies in hotel room; personal entertainment
- Child care costs and kennel costs

# Forms and Memos

# Department of Regulation & Licensing

## PER DIEM REPORT

Month January Year 2011

**INSTRUCTIONS:** Send original (white) and first copy (yellow) to Bureau Director authorized to approve. Approving Bureau Director forwards original and first copy to Deputy Secretary, Department of Regulation and Licensing. Second copy (green) to be retained by claimant. Attach travel voucher if applicable.

NAME OF EXAMINING BOARD OR COUNCIL Board				BOARD OR COUNCIL MEMBER'S NAME John Doe			
Day	Specify Number of Hours	Purpose Code	Where Performed	Day	Specify Number of Hours	Purpose Code	Where Performed
1				17			
2				18			
3				19			
4				20			
5	7	A	DRL- Madison	21			
6				22			
7				23	2	G	Home
8				24			
9				25			
10				26			
11	3	B	Teleconference - Home	27			
12				28			
13				29			
14				30			
15				31			
16							

TOTAL DAYS CLAIMED 2 @ \$ 25.00 = \$50.00

<b>CLAIMANT'S CERTIFICATION</b> The undersigned certifies, in accordance with Sec. 16.53, Wis. Stats., that this account for per diem, amounting to \$25.00, is just and correct; and that this claim is for service necessarily incurred in the performance of duties required by the State, as authorized by law.	APPROVED:
	Bureau Director <span style="float: right;">Date</span>
Claimant's Signature <span style="float: right;">Date</span>	Secretary, Department of Regulation & Licensing
Social Security Number	Date

### Purpose Codes:

- A. Attend **Board meetings** in person or via teleconference call.
- B. Attend **Screening Panel** meetings on days other than board meeting days (teleconference calls)
- C. Attend **Hearings**, i.e., legislative, disciplinary or informal settlement conference hearings, on days other than board meeting days.
- D. Attend **Examinations**
- E. Attend **Test Development Sessions**, i.e., test review or analysis sessions, national testing sessions, tour of test facilities, etc.)
- F. Attend Senate Confirmation Hearings
- G. Review DOE cases
- H. Review credentialing applications other than at board meeting.
- G. Other (describe in detail)



## **Department Policy**

### **Deadline For Submitting Travel Vouchers and Per Diems**

Effective: Immediately

**Board Members will only be reimbursed for travel upon a motion made by the Board, Council, or Committee designating them as a representative and upon prior approval of the department.**

#### **Policy for Submitting Board Meeting Travel Reimbursement**

All travel vouchers and per diems must be submitted to the Department after each meeting and no later than the month following the Board meeting.

#### **Policy for Submitting Out-of-State Travel Reimbursement**

All travel vouchers and per diem vouchers must be submitted no later than the month following the month in which the out-of-state travel occurred.

#### **Forms Submitted after the Deadline**

Due to the Department's budget being an annual appropriation, those vouchers that are not submitted in a timely manner become at risk of not being reimbursed.

#### **Annual Appropriation:**

The Department receives authority from the legislature to spend a set amount of money each fiscal year. None of the authorized set amount can be carried forward to the next fiscal year.

**Division of Board Services**  
**HOTEL RESERVATIONS POLICY & PROCEDURE**

Effective January 1, 2010, the Department has selected the Fairfield Inn & Suites for all future hotel reservations.

**Fairfield Inn**  
**2702 Crossroads Dr**  
**Madison, WI 53718**  
**608-661-2700**

- If the board member is not going to use the reserved hotel room, it is the responsibility of the board member to cancel the room by calling the hotel themselves.
- If the hotel room is not cancelled, the board member may be responsible to pay the bill.
- If a meeting is cancelled due to a lack of quorum or no business, it is the responsibility of the Department to cancel any room reservations.

**QUORUM CONFIRMATION POLICY**

- It is every board member's responsibility to ensure there is a quorum to conduct business at all board meetings.
- It is the responsibility of each board member to inform the executive director of any meeting dates in which they will not be able to attend.
- If Division staff does not hear from a board member, they will assume that the board member will be attending the scheduled meeting.
- A quorum check will not be conducted prior to each scheduled board meeting.
- The only time Division staff will conduct a quorum check will be if two or more board members contact the Division indicating they will not be able to attend an upcoming scheduled meeting.
- Every board member will receive a list of all approved meeting dates at the first board meeting of the New Year. Please use this as a reference to assist in planning for the year ahead.

**INCLEMENT WEATHER POLICY & PROCEDURE**

**Quorum Note:** For open session you need one more than half of the total board membership. If there is formal discipline you will need 2/3 of the total board membership.

- Teleconference and Live Meeting options should be offered in order to continue with the scheduled meeting.
- Hotel rooms for the night before should be provided for any Board member traveling more than 50 miles from Madison and the meeting starts before 10:00 a.m.
- If a Board member who has a hotel reservation already in place will not attend and/or the meeting is cancelled, the hotel room should be cancelled immediately.



## **Division of Board Services Board Member Guidebook**

This Board Member Guidebook has been prepared for your information and understanding of the policies, expectations, and practices of the Department of Safety & Professional Services and the Division of Board Services. Please read it carefully. Upon completion of your review of this guidebook, sign the statement below, and return it to the Executive Director of your Board, Committee, or Council by the due date. A copy of this acknowledgment appears at the back of the guidebook for your records.

I, \_\_\_\_\_, have received and read a copy of the Division of Board Services Board Member Guidebook which outlines the policies, expectations, and practices of the Department of Safety & Professional Services and the Division of Board Services, as well as my responsibilities as a member of an attached Board, Council, or Committee.

I have familiarized myself with the contents of this guidebook. By my signature below, I acknowledge, understand, accept and agree to comply with the information contained in the Board Member Guidebook provided to me by the Division of Board Services. I understand this guidebook is not intended to cover every situation which may arise during my term, but is simply a general guide to the goals, policies, practices, and expectations of the Department of Safety & Professional Services.

\_\_\_\_\_  
(Member signature)

Please return by: \_\_\_\_\_  
(put date here)

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\_\_\_\_\_  
(Member signature)

Please return by: \_\_\_\_\_  
(put date here)

**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

<b>1) Name and Title of Person Submitting the Request:</b>  Angela L. Arrington, Attorney	<b>2) Date When Request Submitted:</b>  October 7, 2011  Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>
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**3) Name of Board, Committee, Council, Sections:**  
Real Estate Appraisers Board

<b>4) Meeting Date:</b>  November 9, 2011	<b>5) Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>6) How should the item be titled on the agenda page?</b> <b>Proposed Stipulation, Final Decision and Order: June Jackson (10APP029)</b>
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<b>7) Place Item in:</b> <input type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input checked="" type="checkbox"/> Both	<b>8) Is an appearance before the Board being scheduled? If yes, who is appearing?</b>  <input type="checkbox"/> Yes by _____ (name)  <input checked="" type="checkbox"/> No (unless requested)	<b>9) Name of Case Advisor(s), if required:</b>  Larry Nicholson
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**10) Describe the issue and action that should be addressed:**

*The Respondent credential holder has signed a Stipulation agreeing to disciplinary action subject to board approval. The board members must now review the documents to determine if they will approve the Final Decision and Order.*

*The board members need to review and consider the Stipulation and Proposed Final Decision and Order in open session, discuss it in closed session and vote whether to approve it in the subsequent open session.*

**11) Authorization**

*Angela Arrington* *October 7, 2011*

Signature of person making this request	Date
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Supervisor (if required)	Date
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Bureau Director signature (indicates approval to add post agenda deadline item to agenda)	Date
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- Directions for including supporting documents:**
1. This form should be attached to any documents submitted to the agenda.
  2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director.
  3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF THE DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : STIPULATION  
JUNE JACKSON, :  
RESPONDENT. :  
 :  
 :

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Division of Enforcement Case No. 10 APP 029

It is hereby stipulated between June Jackson, Respondent, and Angela Arrington, Attorney for the State of Wisconsin Department of Safety and Professional Services, Division of Enforcement, as follows:

1. This Stipulation is entered into as a result of a pending investigation of Respondent's licensure by the Division of Enforcement (case #10 APP 029). Respondent consents to the resolution of this investigation by stipulation.

2. Respondent understands that by signing this Stipulation she voluntarily and knowingly waives her rights, including: the right to a hearing on the allegations against her, at which time the state has the burden of proving those allegations by a preponderance of the evidence; the right to confront and cross-examine the witnesses against her; the right to call witnesses on her behalf and to compel their attendance by subpoena; the right to testify herself; the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision; the right to petition for rehearing; and all other applicable rights afforded to him under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and any other provisions of state or federal law.

3. Respondent has been provided an opportunity to obtain the advice of legal counsel prior to signing this stipulation.

4. Respondent neither admits nor denies the allegations in this matter, but agrees to the adoption of Final Decision and Order by the Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.

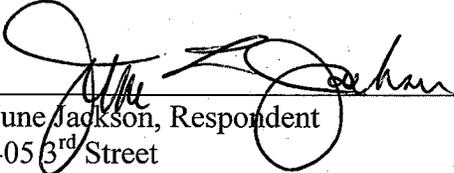
5. If the terms of the Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall be returned to the Division of Enforcement for further proceedings. In the event that this Stipulation is not accepted by the

Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by consideration of this resolution.

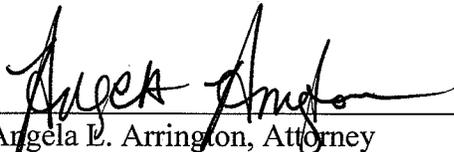
6. The parties to this Stipulation agree that the attorney or other agent for the Division of Enforcement and any member of the Real Estate Appraisers Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of the Respondent or her attorney, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with the Board's deliberations on the Stipulation. Additionally, any such Board advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.

7. Respondent is informed that should the Board adopt this Stipulation, the Board's final decision and order is a public record and will be published in accordance with standard Department procedure.

8. The Division of Enforcement joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

  
\_\_\_\_\_  
June Jackson, Respondent  
405 3<sup>rd</sup> Street  
Baraboo, WI 53913  
License # 04-1329

\_\_\_\_\_  
10-5-11  
Date

  
\_\_\_\_\_  
Angela L. Arrington, Attorney  
Division of Enforcement  
Wisconsin Department of Safety and Professional Services  
P.O. Box 8935  
Madison, WI 53708-8935

\_\_\_\_\_  
10-7-11  
Date

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  
JUNE JACKSON, :  
RESPONDENT. :

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Division of Enforcement Case No. 10 APP 029

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

June Jackson  
405 3<sup>rd</sup> Street  
Baraboo, WI 53913

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

Department of Safety and Professional Services  
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 June Jackson (dob 8/8/1964) is licensed in the State of Wisconsin as a Licensed Appraiser, having license number 04-1329, first issued on 10/12/2000 and current through 12/14/2011. Ms. Jackson's most recent address on file with the Wisconsin Department of Safety and Professional Services ("Department") is 405 3<sup>rd</sup> Street, Baraboo, WI 53913.
2. On or about May 19, 2010, the Department received an anonymous complaint regarding an appraisal performed by Ms. Jackson for a commercial property located 121 S. Webb Street, Reedsburg, WI 53959 ("Subject Property"). The commercial appraisal was performed by Ms. Jackson on April 22, 2010. The engagement letter for the appraisal called for it to comply with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA).

3. Ms. Jackson was previously disciplined in resolution of Division of Enforcement case number 05 APP 031, and was ordered to complete education.
4. Ms. Jackson's appraisal of the Subject Property was reviewed under the Standard 3 Appraisal Review of the Uniform Standards of Professional Appraisal Practice (USPAP). The review determined that Ms. Jackson's appraisal and appraisal report violated the USPAP Standards Rules (SR) as follows:
  - a. In her appraisal report, Ms. Jackson failed to utilize the Cost Approach correctly which resulted in a non-credible indication of value by use of this approach. Under the Cost Approach used by Ms. Jackson, she failed to develop and apply external and/or functional obsolescence as part of total accrued depreciation thereby providing a non-credible value indication by the Cost Approach. Also, Ms. Jackson made an error in calculating the depreciation amount because she failed to deduct the deferred maintenance from the replacement cost new prior to calculating depreciation by the age/life method. (SR 1-1(a)(b); 1-4(b))
  - b. In her appraisal report, Ms. Jackson failed to identify the definition of market value as required by USPAP. Ms. Jackson indicated that the type of value was market value but did not identify the definition of market value as required by USPAP. (SR 1-2(c)). Furthermore, in her appraisal report, Ms. Jackson failed to provide a cited definition of market value as required by USPAP. (SR 2-2b(v))
5. Respondent neither admits nor denies paragraph four (4) of the Findings of Fact, but has cooperated with the Department and wishes to settle this matter.

#### 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 Findings of Fact 4.a., Ms. Jackson violated USPAP SR 1-1(a)(b); 1-4(b) by failing to correctly utilize the Cost Approach and employ recognized methods and techniques that are necessary to produce a credible appraisal.
3. By the conduct described in Findings of Fact 4.b., Ms. Jackson violated USPAP SR 1-2(c) and SR 2-2b(v) by failing to identify the definition of market value and failing to provide a cited definition of market value.
4. As a result of the above violations, Ms. Jackson has violated Wis. Admin. Code §§ RL 86.01(1) and (2), thereby subjecting herself to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. Respondent June Jackson is hereby **REPRIMANDED**.
3. The Licensed Appraiser license issued to June Jackson (license number 04-1329) is hereby **LIMITED** as follows:
  - a. June Jackson shall, within one year of the date of this Order, successfully complete no less than 30 hours from the following courses offered by the Appraisal Institute, or equivalent courses by a provider pre-approved by the Board's monitoring liaison, including the completion and passing of any exam offered for the courses:
    - i. General Appraiser Site Valuation and Cost Approach (30 hours, classroom or online); or
    - ii. General Appraiser Report Writing and Case Studies (30 hours, classroom or online).
  - b. June Jackson shall submit proof of completion of the ordered education 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 have been or may be instituted by the Board, Wisconsin Department of Safety and Professional Services or similar authority in any state, and also may not be used in future attempts to upgrade her credential in any state.
4. June Jackson shall, within 120 days of the date of this Order, pay **COSTS** of this matter in the amount of ONE THOUSAND DOLLARS **\$1,000.00**.
5. 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 Respondent to the Department Monitor at the address below:

Department Monitor  
Division of Enforcement  
Department of Safety and Professional Services  
P.O. Box 8935, Madison, WI 53708-8935  
Telephone (608) 267-3817, 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 payment of the forfeiture and costs as ordered or fails to comply with the ordered education and limitation provisions as set forth above, Respondent's license (#04-1329) 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 forfeiture and costs, completion of the education, and limitation provisions.

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

**WISCONSIN REAL ESTATE APPRAISERS BOARD**

By: \_\_\_\_\_  
A Member of the Board

\_\_\_\_\_ Date

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**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

<b>1) Name and Title of Person Submitting the Request:</b>  Cortney Keo, Paralegal Peter McCombs, Attorney	<b>2) Date When Request Submitted:</b>  November 30, 2011 Items will be considered late if submitted after 4:30 p.m. and less than: ■ 10 work days before the meeting for Medical Board ■ 14 work days before the meeting for all others
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**3) Name of Board, Committee, Council, Sections:**  
 Real Estate Appraisers Board

<b>4) Meeting Date:</b> February 22, 2012	<b>5) Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>6) How should the item be titled on the agenda page?</b> Proposed Stipulation and Final Decision and Order - 11 APP 008; Vicki L. Knoble
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<b>7) Place Item in:</b> <input type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input checked="" type="checkbox"/> Both	<b>8) Is an appearance before the Board being scheduled? If yes, who is appearing?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>9) Name of Case Advisor(s), if required:</b> Lawrence Nicholson
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**10) Describe the issue and action that should be addressed:**  
 Determine whether or not to accept the attached document.

**11) Authorization**

 Signature of person making this request	11/30/11 Date
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Supervisor (if required)	Date
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Bureau Director signature (indicates approval to add post agenda deadline item to agenda)	Date
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**Directions for including supporting documents:**

1. This form should be attached to any documents submitted to the agenda.
2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director.
3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF  
DISCIPLINARY PROCEEDINGS AGAINST

VICKI L. KNOBLE,  
RESPONDENT.

STIPULATION

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Division of Enforcement Case No. 11 APP 008

It is hereby stipulated between Vicki L. Knoble, Respondent, and Peter W. McCombs, Attorney for the Department of Safety and Professional Services, Division of Enforcement, as follows:

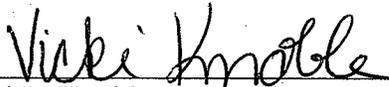
1. This Stipulation is entered into as a result of a pending investigation by the Division of Enforcement. Respondent consents to the resolution of this investigation by Stipulation and without the issuance of a formal complaint.
2. Respondent understands that by signing this Stipulation, Respondent voluntarily and knowingly waives the following rights:
  - the right to a hearing on the allegations against Respondent, at which time the State has the burden of proving those allegations by a preponderance of the evidence;
  - the right to confront and cross-examine the witnesses against Respondent;
  - the right to call witnesses on Respondent's behalf and to compel their attendance by subpoena;
  - the right to testify on Respondent's own behalf;
  - the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
  - the right to petition for rehearing; and
  - all other applicable rights afforded to Respondent under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.
3. Respondent is aware of Respondent's right to seek legal representation and has been provided an opportunity to obtain legal counsel prior to signing this Stipulation.
4. Respondent agrees to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.
5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division of

Enforcement for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

6. The parties to this Stipulation agree that the attorney or other agent for the Division of Enforcement and any member of the Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of Respondent, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with deliberations on the Stipulation. Additionally, any such Board advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.

7. Respondent is informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

8. The Division of Enforcement joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.



Vicki L. Knoble, Respondent  
S3069 N. Reedsburg Road  
Baraboo, WI 53913  
License no. 004-865

11-22-11  
Date



Peter W. McCombs, Attorney  
Division of Enforcement  
P.O. Box 8935  
Madison, WI 53708-8935

11-22-2011  
Date

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : FINAL DECISION AND ORDER  
VICKI L. KNOBLE, :  
RESPONDENT. :

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Division of Enforcement Case No. 11 APP 008

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

Vicki L. Knoble  
S3069 N. Reedsburg Road  
Baraboo, WI 53913

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

Division of Enforcement  
Department of Safety and Professional Services  
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 Wisconsin Real Estate Appraisers (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 Vicki L. Knoble (dob 03/18/1964) is licensed in the State of Wisconsin as a Licensed Appraiser, having license number 4-865, first issued on 08/25/1994 and current through 12/14/2011. Vicki L. Knoble's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is S3069 N. Reedsburg Road, Baraboo, WI 53913.

2. Ms. Knoble was hired by the property owner to perform an appraisal of the property located at N1077 County Road HH, Lyndon Station, WI 53944 (Subject Property). On or about 5/5/2008, Ms. Knoble performed an appraisal, submitting a report valuing the Subject Property at \$305,000.00.

3. On or about 2/14/2011, the Department received an anonymous complaint against Ms. Knoble.

4. Respondent's 5/5/2008 appraisal of the Subject Property 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) Rules and Standards Rules (SR) as follows:

- a. Respondent did not develop or report support for her opinion of site value in the cost approach. [SR 1-1(a), 1-1(c), 1-4(b), SR 2-1(a)]
- b. Respondent noted that the value appraised is market value but failed to provide a definition or source of the definition of market value. [SR 1-1(c), SR 2-1(a)]
- c. There is no estimated exposure time associated with the value conclusion. [SR 1-2(c), SR 1-1(c), SR 2-1(a)]
- d. Respondent selected inappropriate comparable sales, which were superior to the Subject Property in location, quality, and condition. [SR 1-1(c), SR 1-4(a), SR 2-1(a)]
- e. The workfile provided by Respondent contains documents that were printed after Respondent was notified of the complaint, and the workfile lacked Respondent's referenced land sales. [Ethics Rule: Record Keeping]

#### 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 paragraph 4(a) of the Findings of Fact, Respondent violated USPAP SR 1-1(a) by failing to employ recognized methods and techniques to produce a credible appraisal.

3. By the conduct described in paragraph 4(a) of the Findings of Fact, Respondent violated USPAP SR 1-4(b) by failing to develop an opinion of site value by an appropriate appraisal method or technique.

4. By the conduct described in paragraphs 4(b), 4(c), and 4(d) of the Findings of Fact, Respondent violated USPAP SR 1-1(c) and SR 2-1(a) by committing a series of errors that affected the overall credibility of the results, and by failing to clearly and accurately set forth a supported opinion of value in a manner that was not misleading.

5. By the conduct described in paragraph 4(c) of the Findings of Fact, Respondent violated USPAP SR 1-2(c) by failing to develop an estimated exposure time linked to the value opinion.

6. By the conduct described in paragraph 4(d) of the Findings of Fact, Respondent violated USPAP SR 1-4(a) by failing to analyze comparable sales data to support the stated market value.

7. By the conduct described in paragraph 4(e) of the Findings of Fact, Respondent violated the USPAP Ethics Rule: Record Keeping by failing to retain a workfile containing all data, information, and documentation necessary to support the appraiser's opinions and conclusion and to show compliance with the record keeping rule and all other applicable Standards Rules.

8. As a result of the above violations, Respondent has violated Wis. Admin. Code §§ RL 86.01(1) and (2), and is therefore subject to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. Respondent Vicki L. Knoble is hereby REPRIMANDED.
3. The Licensed Appraiser license issued to Vicki L. Knoble (license number 4-865) is hereby LIMITED as follows:
  - a. Respondent shall, within one year of the date of this Order, successfully complete 60 hours of continuing education courses offered by the Appraisal Institute, or equivalent courses offered by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exam offered for the courses, as follows:
    - i. National USPAP Course (15 Hours); and
    - ii. 45 hours from among the following course options:
      - a. Residential Sales Comparison & Income Approaches (30 hours);
      - b. Market Analysis & Highest and Best Use (15 hours); and
      - c. Residential Report Writing and Case Studies (15 hours).
  - b. The courses listed above shall be taken in person in a classroom setting unless an online course is approved in advance by the Board Monitoring Liaison, or her designee.
  - c. Respondent 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 have been or may be instituted by the Board, Wisconsin Department of Safety and Professional Services or similar authority in any state, and also may not be used in future attempts to upgrade a credential in any state.

d. This 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 Respondent has successfully completed all of the ordered education.

4. Within 90 days of the date of this Order, Respondent shall pay COSTS of this matter in the amount of \$758.00.

5. Proof of successful course completion and payment of forfeiture and costs (made payable to the Wisconsin Department of Safety and Professional Services) shall be mailed, faxed or delivered by Respondent to the Department Monitor at the address below:

Department Monitor  
Division of Enforcement  
Department of Safety and Professional Services  
P.O. Box 8935, Madison, WI 53708-8935  
Telephone (608) 267-3817, 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 payment of the forfeiture and costs as ordered or fails to comply with the ordered education as set forth above, Respondent's license (no. 4-865) 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 forfeiture and costs and completion of the education.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

by:

\_\_\_\_\_   
A Member of the Board

\_\_\_\_\_   
Date

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**State of Wisconsin  
Department of Regulation and Licensing**

**AGENDA REQUEST FORM**

<b>Name and Title of Person Submitting the Request:</b>  Sarah E. Norberg Attorney		<b>Date When Request Submitted:</b> February 3, 2012
		Items will be considered late if submitted after 5 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before meeting for all other boards</li> </ul>
<b>Name of Board, Committee, Council:</b> Real Estate Appraisers Board		
<b>Board Meeting Date:</b> February 22, 2012	<b>Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>How should the item be titled on the agenda page?</b> Proposed Stipulation and Final Decision and Order – 09 APP 091; Sean M. Brown
<b>Place Item in:</b> <input type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input checked="" type="checkbox"/> Both	<b>Is an appearance before the Board being scheduled? If yes, by whom?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>Name of Case Advisor(s), if required:</b>  Britton
<b>Describe the issue and action the Board should address:</b>  The board should consider the proposed decision in closed session and vote on it in open session.		
<b>If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:</b>  _____		
<b>Directions for including supporting documents:</b> 1. This form should be attached to any documents submitted to the agenda. 2. Documents submitted to the agenda must be single-sided. 3. Only copies of the original document will be accepted. 4. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.		
<b>Authorization:</b>		
Signature of person making this request		Date
Supervisor signature (if required)		Date
Bureau Director signature (indicates approval to add late items to agenda)		Date

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : STIPULATION  
SEAN M. BROWN, :  
RESPONDENT. :

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Division of Enforcement Case No. 09 APP 091

It is hereby stipulated between Sean M. Brown, Respondent, and Sarah E. Norberg, Attorney for the Department of Safety and Professional Services, Division of Enforcement, as follows:

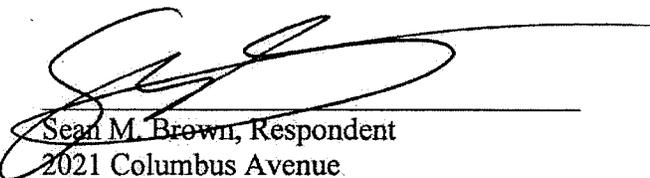
1. This Stipulation is entered into as a result of a pending investigation by the Division of Enforcement. Respondent consents to the resolution of this investigation by Stipulation and without the issuance of a formal complaint.
2. Respondent understands that by signing this Stipulation, Respondent voluntarily and knowingly waives the following rights:
  - the right to a hearing on the allegations against Respondent, at which time the State has the burden of proving those allegations by a preponderance of the evidence;
  - the right to confront and cross-examine the witnesses against Respondent;
  - the right to call witnesses on Respondent's behalf and to compel their attendance by subpoena;
  - the right to testify on Respondent's own behalf;
  - the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
  - the right to petition for rehearing; and
  - all other applicable rights afforded to Respondent under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.
3. Respondent is aware of Respondent's right to seek legal representation has been provided an opportunity to obtain legal counsel prior to signing this Stipulation.
4. Respondent agrees to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.
5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division of

Enforcement for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

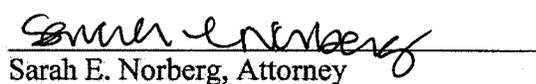
6. The parties to this Stipulation agree that the attorney or other agent for the Division of Enforcement and any member of the Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of Respondent, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with deliberations on the Stipulation. Additionally, any such Board advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.

7. Respondent is informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

8. The Division of Enforcement joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

  
Sean M. Brown, Respondent  
2021 Columbus Avenue  
Duluth, MN 55803  
License no. 9-1402

2/3/2012  
Date

  
Sarah E. Norberg, Attorney  
Division of Enforcement  
P.O. Box 8935  
Madison, WI 53708-8935

2/3/12  
Date

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

---

IN THE MATTER OF DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : FINAL DECISION AND ORDER  
SEAN M. BROWN, :  
RESPONDENT. :

---

Division of Enforcement Case No. 09 APP 091

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

Sean M. Brown  
2021 Columbus Avenue  
Duluth, MN 55803

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

Division of Enforcement  
Department of Safety and Professional Services  
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. Sean M. Brown (Respondent) (dob 11/21/1966) is licensed in the State of Wisconsin as a Certified Residential Appraiser and Licensed Appraiser, having license number 9-1402, first issued on 1/18/2005, and current through 12/14/2013. Respondent's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is 2021 Columbus Avenue, Duluth, Minnesota 55803.
2. Respondent has no disciplinary history with the Board or the Department.
3. On or about 10/13/2006, Respondent completed an appraisal of property located at 1402 Catlin Avenue, Superior, Wisconsin (subject property).

4. Respondent's appraisal and appraisal report were reviewed by the Division of Enforcement, and it was determined that the appraisal and appraisal report violated the Uniform Standards of Professional Appraisal Practice (USPAP) Rules and/or Standards Rules (SR) as follows:

a. Respondent reported the subject property's zoning as "residential," as opposed to the specific zoning classification. [SR 1-2(e)(iv)]

b. The appraisal report incorrectly reported the physical characteristics of comparable sales 2 and 3:

- i. The Douglas County Assessor's website indicates that the gross living area of comparable sale 2 is 974 square feet, as opposed to the 1,492 square feet noted by the appraisal report.
- ii. Comparable sale 3's gross living area is 1,532 square feet, not 1,600 square feet, as stated in the appraisal report.
- iii. The appraisal report omitted a gas fireplace and gazebo in the sales grid analysis pertaining to comparable sale 3.
- iv. The Douglas County Assessor's website indicates that comparable sale 3 has a 26' x 28' detached garage and a 1-car attached garage. The appraisal report represents comparable sale 3's garage as a 3-car garage, although photos do not show any access to a second garage from the street. Respondent failed to list the two garages separately in the sales grid.

[SR 1-1(c); SR 1-2(e)(i); SR 2-2(abc)(iii)]

c. Respondent assessed \$100 annualized age adjustments to comparable sales 1 and 3, both of which are 12 years newer than subject property, though the appraisal report does not include an analysis of differences in effective age or condition. [SR 1-1(a,b,c); SR 1-4(a); SR 2-2(a,b,c)(viii)]

d. Respondent assessed a \$1,000 adjustment for differences in room counts between the subject property and each of the comparable sales, though the appraisal report does not include an analysis of the basis or support for the adjustment. [SR 1-1(a,b,c); SR 1-4(a); SR 2-2(a,b,c)(viii)]

e. The subject property was offered with more than \$4,000 in seller contribution to expenses. The appraisal report failed to analyze the impact on value of the concessions and did not include a statement that the terms were typical or otherwise. [SR 1-1(a,b,c); SR 1-4(a); SR 2-2(a,b,c)(viii)]

f. A reasonable exposure time linked to the value opinion was not reported by Respondent despite his certification that he developed an exposure time. [SR 1-2(c)]

## 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 Findings of Fact paragraphs 4(c)-(e), Respondent violated SR 1-1(a,b,c) by:

a. failing to be aware of, understand or correctly employ recognized methods and techniques that are necessary to produce a credible appraisal;

b. committing a substantial error of omission or commission that significantly affects an appraisal; and

c. rendering appraisal services in a negligent manner.

3. By the conduct described in Findings of Fact paragraph 4(b), Respondent violated SR 1-1(c) by rendering appraisal services in a careless or negligent manner. Respondent made 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.

4. By the conduct described in Findings of Fact paragraph 4(f), Respondent violated SR 1-2(c) by failing to develop an opinion of reasonable exposure time linked to the value opinion when developing his opinion of market value.

5. By the conduct described in Findings of Fact paragraph 4(b), Respondent violated SR 1-2(e)(i) by failing to identify the characteristics of the property that are relevant to the type and definition of value and intended use, including its physical attributes.

6. By the conduct described in Findings of Fact paragraph 4(a), Respondent violated SR 1-2(e)(iv) by failing to identify the characteristics of the property that are relevant to the type and definition of value and intended use, including any known restrictions, ordinances, or other items of a similar nature.

7. By the conduct described in Findings of Fact paragraphs 4(c)-(e), Respondent violated SR 1-4(a) by failing to analyze such comparable sales data as are available to indicate a value conclusion.

8. By the conduct described in Findings of Fact paragraph 4(b), Respondent violated SR 2-2(a,b,c)(iii) by failing to describe information sufficient to identify the physical property characteristics relevant to the assignment.

9. By the conduct described in Findings of Fact paragraphs 4(c)-(e), Respondent violated SR 2-2(a,b,c)(viii) by failing to describe the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions.

10. As a result of the above violations, Respondent Sean M. Brown has violated Wis. Admin. Code §§ RL 86.01(1) and (2), and is therefore subject to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. Respondent Sean M. Brown is hereby REPRIMANDED.
3. The Certified Residential Appraiser and Licensed Appraiser license issued to Sean M. Brown (license number 9-1402) is hereby LIMITED as follows:
  - a. Respondent shall, within one year of the date of this Order, successfully complete thirty (30) hours of continuing education from among the following courses offered by the Appraisal Institute, or equivalent courses offered by a provider pre-approved by the Board's Monitoring Liaison, including taking and passing any exam offered for the courses:
    - i. Residential Market Analysis & Highest and Best Use (15 hours)
    - ii. Advanced Residential Applications & Case Studies, Part 1 (15 hours)
    - iii. Advanced Residential Report Writing, Part 2 (30 hours)
  - b. The courses listed above shall be taken in person in a classroom setting unless the Respondent requests, and the Board's Monitoring Liaison pre-approves at his or her discretion, an online alternative.
  - c. Respondent shall submit proof of completion of the education in the form of verification from the institution providing the education to the Department Monitor at the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that have been or may be instituted by the Board, Wisconsin Department of Safety and Professional Services or similar authority in any state, and also may not be used in future attempts to upgrade a credential in any state.
  - d. This 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 Respondent has successfully completed all of the ordered education.
4. Proof of successful course completion (made payable to the Wisconsin Department of Safety and Professional Services) shall be mailed, faxed or delivered by Respondent to the Department Monitor at the address below:

Department Monitor

Division of Enforcement  
Department of Safety and Professional Services  
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 comply with the ordered education as set forth above, Respondent's license (no. 9-1402) may, in the discretion of the Board or its designee, be **SUSPENDED**, without further notice or hearing, until Respondent has complied with completion of the education.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

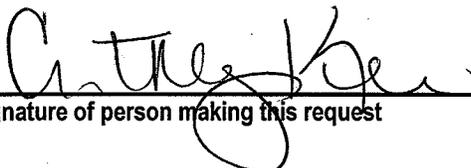
by:

\_\_\_\_\_   
A Member of the Board

\_\_\_\_\_   
Date

**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

<b>1) Name and Title of Person Submitting the Request:</b>  Cortney Keo, Paralegal Pete McCombs, Attorney		<b>2) Date When Request Submitted:</b>  December 23, 2011 Items will be considered late if submitted after 4:30 p.m. and less than: ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others	
<b>3) Name of Board, Committee, Council, Sections:</b> Real Estate Appraisers Board			
<b>4) Meeting Date:</b> February 22, 2011	<b>5) Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>6) How should the item be titled on the agenda page?</b> Proposed Stipulation and Final Decision and Order - John D. Spence; 10 APP 010	
<b>7) Place Item in:</b> <input type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input checked="" type="checkbox"/> Both	<b>8) Is an appearance before the Board being scheduled? If yes, who is appearing?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>9) Name of Case Advisor(s), if required:</b> Marla Britton	
<b>10) Describe the issue and action that should be addressed:</b>  Determine whether or not to accept the attached document.			
<b>11) Authorization</b> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="width: 40%;">  </div> <div style="width: 20%; text-align: center;">                 Date             </div> <div style="width: 30%; text-align: center;">                 12/23/11             </div> </div> <hr/> Signature of person making this request			
Supervisor (if required) _____ Date _____			
Bureau Director signature (indicates approval to add post agenda deadline item to agenda) _____ Date _____			
<b>Directions for including supporting documents:</b> 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF THE DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : STIPULATION  
JOHN D. SPENCE, :  
RESPONDENT. :

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Division of Enforcement Case No. 10 APP 010

It is hereby stipulated between John D. Spence, Respondent, and Peter W. McCombs, Attorney for the Department of Regulation and Licensing, Division of Enforcement, as follows:

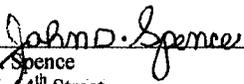
1. This Stipulation is entered into as a result of a pending investigation by the Division of Enforcement. Respondent consents to the resolution of this investigation by Stipulation and without the issuance of a formal complaint.
2. Respondent understands that by signing this Stipulation he voluntarily and knowingly waives his rights, including:
  - the right to a hearing on the allegations against him, at which time the state has the burden of proving those allegations by a preponderance of the evidence;
  - the right to confront and cross-examine the witnesses against him;
  - the right to call witnesses on his behalf and to compel their attendance by subpoena;
  - the right to testify on his own behalf;
  - the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
  - the right to petition for rehearing; and
  - all other applicable rights afforded under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.
3. Respondent is aware of his right to seek legal representation has been provided an opportunity to obtain legal counsel prior to signing this Stipulation.
4. Respondent agrees to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.
5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division of Enforcement for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree

not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

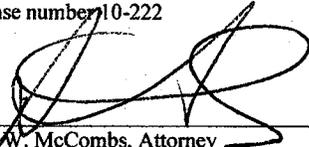
6. The parties to this Stipulation agree that the attorney or other agent for the Division of Enforcement may appear before the Board, without the presence of Respondent, for purposes of speaking in support of this agreement and answering questions that the Board may have in connection with deliberations on the Stipulation.

7. Respondent is informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

8. The Division of Enforcement joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

  
\_\_\_\_\_  
John D. Spence  
5344 N. 64<sup>th</sup> Street  
Milwaukee, WI 53218  
License number 10-222

12/22/2011  
Date

  
\_\_\_\_\_  
Peter W. McCombs, Attorney  
Division of Enforcement  
P.O. Box 8935  
Madison, WI 53708-8935

12-22-2011  
Date

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

---

IN THE MATTER OF THE DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : FINAL DECISION AND ORDER  
JOHN D. SPENCE, :  
RESPONDENT. :

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Division of Enforcement Case No. 10 APP 010

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

John D. Spence  
5344 N. 64<sup>th</sup> Street  
Milwaukee, WI 53218

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

Division of Enforcement  
Department of Safety and Professional Services  
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 John D. Spence (dob 11/19/1950) is licensed in the State of Wisconsin as a Certified General Appraiser and Licensed Appraiser, having license number 10-222, first issued on 3/4/1992 and current through 12/14/2013. Respondent's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is 5344 N. 64<sup>th</sup> Street, Milwaukee, WI 53218. Respondent has not been previously disciplined by the Department.
2. On or about December 15, 2008, Respondent appraised and prepared an appraisal report pertaining to property located at 4601 N. 84<sup>th</sup> Street, Milwaukee, WI 53225 (Subject Property).

3. Respondent's appraisal of the Subject Property was reviewed by the Division of Enforcement and it was determined that the appraisal and appraisal report violated the Uniform Standards of Professional Appraisal Practice (USPAP) Statements and/or Standards Rules (SR) as follows:

- a. Respondent improperly identified the appraisal report as a "Restricted/Limited Summary." [SR 2-2]
- b. Respondent did not disclose the identity of the intended users in the text of the appraisal report, nor did the report indicate that the users wished to remain anonymous. Reference was made in the appraisal report to the "lender/client," but no lender or client was otherwise identified. [SR 1-2(a); SR 2-2(b)(i); Statement 9]
- c. Page 1 of the appraisal report identified the intended use as "mortgage financing." Information in the work file and Respondent's written response to the initial complaint contradict the reported intended use. [SR 1-2(b); SR 2-2(b)(ii)]
- d. Respondent's appraisal report referenced values subject to deed restrictions, but Respondent did not identify the nature, or effect on value, of any such deed restrictions. [SR 1-2(e)(i) and (iv)]
- e. Respondent failed to analyze any uses legally permitted by the Subject Property's zoning classification, yet considered alternative uses for the Subject Property that would require changes to zoning. Respondent provided no analysis of whether said alternative uses were feasible. [SR 1-2(e)(i) and (iv)]
- f. Respondent failed to properly analyze the highest and best use of the Subject Property as follows:
  - (i) Respondent failed to present an analysis of relevant legal factors, such as zoning, deed restrictions, or a land use plan for the neighborhood;
  - (ii) Based on data contained in the Respondent's work file, the Subject Property had been deemed excess by Milwaukee Public Schools, but the Respondent failed to analyze the highest and best use of the property where the Subject Property is vacant; and
  - (iii) Respondent failed to provide an analysis of alternative highest and best uses, and failed to provide support for the highest and best use opinion. [SR 1-3(b); SR 2-2(b)(ix)]
- g. Respondent failed to properly apply the sales comparison approach as follows:
  - (i) Respondent utilized comparable sales that are not considered comparable to the Subject Property;

(ii) Respondent provided no market support for any adjustments to the comparable sales;

(iii) Respondent failed to adjust for the property interest conveyed, even though many of the comparables were leased and therefore conveyed on a leased fee basis, or were sold as going concerns; and

(iv) Respondent failed to consider the status of the comparable sales versus the status of the Subject Property, i.e. if the Subject Property was being valued as an occupied office building, apartment or nursing home, Respondent failed to consider and analyze the costs to convert the Subject Property to such use. [SR 1-4(a)]

h. Respondent failed to properly apply the cost approach as follows:

(i) Respondent utilized land sale comparables that are not considered comparable to the Subject Property;

(ii) Respondent failed to provide market support for any adjustments to the comparable land sales, and incorrectly calculated depreciation. Using the age life method, a rate of 35% was calculated, which is misidentified as Curable Physical Depreciation, when it is actually Incurable Physical Depreciation;

(iii) The appraisal report stated that there was no Economic Depreciation, though market conditions at the effective date of the appraisal indicate otherwise; and

(iv) Respondent failed to provide support for the appraisal report's Functional Depreciation adjustment. [SR 1-4(b)]

i. Respondent failed to properly apply the income approach as follows:

(i) Respondent utilized rental offerings to determine the potential rent for the Subject Property, but failed to (a) identify the offerings as such; and (b) analyze the market as to whether actual rental rates are lower than rental offering rates;

(ii) Respondent utilized comparable rentals that are not comparable to the Subject Property, and provided no adjustments to the rentals or any support for estimates of expenses or vacancy; and

(iii) Respondent failed to consider the status of the comparable rentals versus the status of the Subject Property, i.e. if the Subject Property is being valued as an occupied office building, apartment or retail property, Respondent failed to consider and analyze the costs to convert the Subject Property to such use. [SR 1-4(c)]

- j. Respondent valued the Subject Property under an alternative use, however, no extraordinary assumptions or hypothetical conditions were stated, nor was their affect on value discussed. [SR 2-2(b)(x)]

### 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 Findings of Fact paragraph 3(a), Respondent violated USPAP SR 2-2 by failing to prepare and prominently identify the appraisal report of the Subject Property under one of the following three options: Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report.
3. By the conduct described in Findings of Fact paragraph 3(b), Respondent violated USPAP Statement 9, SR 1-2(a) and SR 2-2(b)(i) by failing to disclose the identity of the client and other intended users by name or type.
4. By the conduct described in Findings of Fact paragraph 3(c), Respondent violated USPAP SR 1-2(b) and SR 2-2(b)(ii) by incorrectly identifying the intended use of the appraiser's opinions and conclusions.
5. By the conduct described in Findings of Fact paragraph 3(d) and 3(e), Respondent violated USPAP SR 1-2(e)(i) by failing to identify the characteristics of the Subject Property that are relevant to the type and definition of value and intended use of the appraisal, including the Subject Property's location and physical, legal, and economic attributes.
6. By the conduct described in Findings of Fact paragraph 3(d) and 3(e), Respondent violated USPAP SR 1-2(e)(iv) by failing to identify the characteristics of the Subject Property that are relevant to the type and definition of value and intended use of the appraisal, including any known restrictions, encumbrances, or other items of a similar nature.
7. By the conduct described in Findings of Fact paragraph 3(f), Respondent violated USPAP SR 1-3(b) and S-R 2-2(b)(ix) by failing to analyze, summarize, and support the relevant legal, physical, and economic factors to the extent necessary to support the highest and best use conclusion.
8. By the conduct described in Findings of Fact paragraph 3(g), Respondent violated USPAP SR 1-4(a) by failing to collect, verify, and analyze available comparable sales data to indicate a value conclusion.
9. By the conduct described in Findings of Fact paragraph 3(h), Respondent violated USPAP SR 1-4(b) by failing to:
  - a. develop an opinion of site value by an appropriate appraisal method or technique;

b. analyze such comparable cost data as are available to estimate the cost new of the improvements; and

c. analyze such comparable data as are available to estimate the difference between the cost new and the present worth of the improvements.

10. By the conduct described in Findings of Fact paragraph 3(i), Respondent violated USPAP SR 1-4(c) by failing to:

a. analyze such comparable rental data as are available and/or the potential earnings capacity of the Subject Property to estimate the gross income potential of the Subject Property;

b. analyze such comparable operating expense data as are available to estimate the operating expenses of the Subject Property;

c. analyze such comparable data as are available to estimate rates of capitalization and/or rates of discount; and

d. base projections of future rent and/or income potential and expenses on reasonably clear and appropriate evidence.

11. By the conduct described in Findings of Fact paragraph 3(j), Respondent violated USPAP SR 2-2(b)(x) by failing to clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and by failing to state that their use might have affected the assignments results.

12. By the conduct described in Findings of Fact paragraph 3, Respondent violated USPAP SR 1-1(a)-(c) by: failing to be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal; committing a substantial error of commission or omission that significantly affects an appraisal; and rendering appraisal services in a careless or negligent manner.

13. As a result of the above violations, Respondent has violated Wis. Admin. Code §§ RL 86.01(1) and (2), thereby subjecting himself to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

#### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. Respondent John D. Spence is hereby REPRIMANDED.
3. The Certified General Appraiser and Licensed Appraiser license issued to John D. Spence (license number 10-222) is hereby LIMITED as follows:

a. Education:

- i. Respondent shall, within two (2) years of the date of this Order, successfully complete the following courses offered by the Appraisal Institute, or equivalent courses offered by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exam offered for the courses:
  1. Advanced Sales Comparison & Cost Approaches (40 hours, including exam);
  2. General Appraiser Market Analysis & Highest and Best Use (30 hours, including exam);
  3. Advanced Applications (40 hours, including exam); and
  4. National USPAP Course (15 hours, including exam).
- ii. The courses listed above shall be taken in person in a classroom setting. No courses or exams may be taken online, unless pre-approved by the Board's monitoring liaison.
- iii. Respondent shall submit proof of completion in the form of verification from the institution providing the education to the Department Monitor at the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that have been or may be instituted by the Board, Wisconsin Department of Safety and Professional Services or similar authority in any state, and also may not be used in future attempts to upgrade a credential in any state.
- iv. This limitation shall be removed from Respondent's license after Respondent satisfies the Board or its designee that he has successfully completed all of the ordered education.

b. For a period of five (5) years following the date of this Order, Respondent shall not perform any appraisals or prepare any appraisal reports for real property with a value in excess of \$750,000.00, except where:

- i. The appraisal is conducted under the direct supervision of a supervising appraiser;
- ii. The appraisal report is signed by Respondent and by the supervising appraiser;
- iii. The supervising appraiser is a Certified General Appraiser licensed, and in good standing, in the state of Wisconsin; and

c. Commencing on the date of this Order, and continuing for a period of five (5) years following completion of all of the education required at paragraph (a) of this Order, Respondent shall provide a quarterly log of all appraisals that he has completed during the preceding quarterly period. The log shall indicate the appraised value of the properties appraised, the name and contact information for the client, approaches to value considered, approaches to value completed, and the name of the signing supervising appraiser, where applicable.

- i. The quarterly logs shall be submitted to the Board's monitoring liaison, or designee, at the address below. The Board Liaison or designee may select up to three (3) of the appraisals for review of compliance with USPAP standards, and, upon request, Respondent shall immediately submit the requested appraisals and work file materials to the Department Monitor for this purpose. In the event that the Board Liaison's, or designee's, review finds noncompliance with USPAP standards, the Board Liaison, or designee, may recommend further education and/or training in the area of noncompliance, or refer the matter to the Department's Division of Enforcement.
- ii. This limitation shall be removed from Respondent's license after expiration of the five (5) year period specified above at paragraph b.

4. Proof of successful course completion and quarterly logs shall be mailed, faxed or delivered by Respondent to the Department Monitor at the address below:

Department Monitor  
Division of Enforcement  
Department of Safety and Professional Services  
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 comply with the ordered education and submission of quarterly logs and any requested work files as set forth above, Respondent's license (no. 10-222) may, in the discretion of the Board or its designee, be **SUSPENDED**, without further notice or hearing, until Respondent has complied with completion of the education and submission of the quarterly logs and any requested work files.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

by:

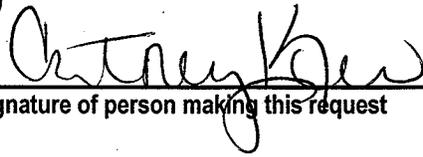
\_\_\_\_\_   
A Member of the Board

\_\_\_\_\_   
Date

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**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

<b>1) Name and Title of Person Submitting the Request:</b>  Cortney Keo, Paralegal Pete McCombs, Attorney		<b>2) Date When Request Submitted:</b>  12/28/2011 <small>Items will be considered late if submitted after 4:30 p.m. and less than:</small> <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
<b>3) Name of Board, Committee, Council, Sections:</b> Real Estate Appraisers Board			
<b>4) Meeting Date:</b> February 22, 2012	<b>5) Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>6) How should the item be titled on the agenda page?</b> Proposed Stipulation and Final Decision and Order - 10 APP 019; James H. Kaysen	
<b>7) Place Item in:</b> <input type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input checked="" type="checkbox"/> Both	<b>8) Is an appearance before the Board being scheduled? If yes, who is appearing?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>9) Name of Case Advisor(s), if required:</b> Marla Britton	
<b>10) Describe the issue and action that should be addressed:</b>  Determine whether or not to accept the attached document.			
<b>11) Authorization</b>			
11)  Signature of person making this request		12/28/11 Date	
Supervisor (if required)		Date	
Bureau Director signature (indicates approval to add post agenda deadline item to agenda) Date			
<b>Directions for including supporting documents:</b> 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

---

IN THE MATTER OF THE DISCIPLINARY  
PROCEEDINGS AGAINST

JAMES H. KAYSEN,  
RESPONDENT.

STIPULATION

---

Division of Enforcement Case No. 10 APP 019

It is hereby stipulated between James H. Kaysen, Respondent; Patrick J. Knight, Attorney for Respondent; and Peter W. McCombs, Attorney for the Department of Safety and Professional Services, Division of Enforcement, as follows:

1. This Stipulation is entered into as a result of a pending investigation by the Division of Enforcement. Respondent consents to the resolution of this investigation by Stipulation and without the issuance of a formal complaint.
2. Respondent understands that by signing this Stipulation, Respondent voluntarily and knowingly waives the following rights:
  - the right to a hearing on the allegations against Respondent, at which time the State has the burden of proving those allegations by a preponderance of the evidence;
  - the right to confront and cross-examine the witnesses against Respondent;
  - the right to call witnesses on Respondent's behalf and to compel their attendance by subpoena;
  - the right to testify on Respondent's own behalf;
  - the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
  - the right to petition for rehearing; and
  - all other applicable rights afforded to Respondent under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.
3. Respondent is aware of Respondent's right to seek legal representation and has been provided an opportunity to obtain legal counsel prior to signing this Stipulation. Respondent is represented by Patrick J. Knight.
4. Respondent agrees to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.

5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division of Enforcement for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

6. The parties to this Stipulation agree that the attorney or other agent for the Division of Enforcement may appear before the Board, without the presence of Respondent, for purposes of speaking in support of this agreement and answering questions that the Board may have in connection with deliberations on the Stipulation.

7. Respondent is informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

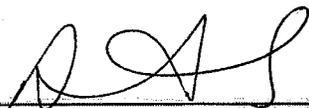
8. The Division of Enforcement joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

  
James H. Kaysen Respondent  
c/o Kaysen Realty Valuation Company  
1507 Wisconsin St.  
Grafton, WI 53024  
License # 39-10

12/27/11  
Date

  
Patrick J. Knight, Attorney for Respondent  
Gimbel, Reilly, Guerin & Brown LLP  
Two Plaza East Suite 1170  
330 E. Kilbourn Avenue  
Milwaukee, WI 53202

12/24/11  
Date

  
Peter W. McCombs, Attorney  
Division of Enforcement  
Wisconsin Department of Safety and Professional Services  
P.O. Box 8935  
Madison, WI 53708-8935

12-28-2011  
Date

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

---

IN THE MATTER OF THE DISCIPLINARY :  
PROCEEDINGS AGAINST :  
: FINAL DECISION AND ORDER  
JAMES H. KAYSEN, :  
RESPONDENT. :

---

Division of Enforcement Case No. 10 APP 019

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

James H. Kaysen  
c/o Kaysen Realty Valuation Company  
1507 Wisconsin St.  
Grafton, WI 53024

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

Department of Safety and Professional Services  
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 James H. Kaysen (dob 8/19/1949) is licensed in the State of Wisconsin as a Certified General Appraiser and Licensed Appraiser, having license number #39-10, first issued on 9/23/1991 and current through 12/14/2013. Mr. Kaysen's most recent address on file with the Wisconsin Department of Safety and Professional Services ("Department") is 1507 Wisconsin St., Grafton, WI 53024.

2. On or about November 26, 2008, Port Washington State Bank ("PWSB") hired Mr. Kaysen to perform an appraisal. The engagement letter dated November 26, 2008 sent by PWSB to Mr. Kaysen called for a summary appraisal of a "38 site subdivision in the Town of Cedarburg," known as Ridgeview Meadows Subdivision ("Subject Property"). The engagement letter further required the appraiser to conform the appraisal report to the Uniform Standards of Professional Appraisal Practice ("USPAP").
3. On or about December 22, 2008, Mr. Kaysen completed the subdivision appraisal, providing a value opinion of \$4,026,000.00. The report was titled "Appraisal of Proposed Subdivision."
4. An appraisal review of Mr. Kaysen's appraisal of the Subject Property determined that the appraisal and appraisal report violated the USPAP Standards Rules (SR) as follows:
  - a. In his appraisal report, Mr. Kaysen arrived at the final value opinion by performing individual Land Appraisal Reports for each unsold lot, after which he aggregated the value of the unsold lots to arrive at the cumulative value of \$4,026,000. (Scope of Work Rule, Competency Rule).
  - b. In his appraisal report, Mr. Kaysen failed to identify the client and intended users; failed to identify the type and definition of value; failed to identify the characteristics of the property that are relevant to the type and definition of value; and failed to identify any extraordinary assumptions or hypothetical conditions. (SR1-2(a, b, c) and SR2-2(a,b,c) (i,ii,iii,iv,v,x).)
  - c. In completing his appraisal report, Mr. Kaysen failed to include a signed certification. (SR2-2(a,b,c)-xi and SR2-3.)

#### 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 Finding of Fact 4.a, Mr. Kaysen violated the USPAP Scope of Work Rule, USPAP Competency Rule, SR1-2(a,b,c), SR2-2(a,b,c)(i,ii,iii,iv,v,x.) by failing to identify the problem to be solved as a subdivision analysis, and by failing to develop a scope of work necessary to produce a credible report.
3. By the conduct described in Findings of Fact 4.c, Mr. Kaysen violated USPAP SR 2-2(a,b,c)-xi and SR 2-3 by failing to include a signed certification on the subdivision appraisal report.
4. As a result of the above violations, Mr. Kaysen has violated Wis. Admin. Code §§ RL 86.01(1) and (2), thereby subjecting himself to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. The Certified General Appraiser and Licensed Appraiser license issued to JAMES H. KAYSEN (license number #39-10) is hereby **REPRIMANDED**.
3. JAMES H. KAYSEN shall, within 120 days of the date of this Order, pay **COSTS** of this matter in the amount of **\$1,180.00**.
4. Proof of successful course completion and payment of forfeiture and costs (made payable to the Wisconsin Department of Safety and Professional Services) shall be mailed, faxed or delivered by Respondent to the Department Monitor at the address below:

Department Monitor  
Division of Enforcement  
Department of Safety and Professional Services  
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 forfeiture, payment of costs, and proof of completion of education and exams as ordered, Respondent's license (#39-10) 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 forfeiture, payment of costs, and provided proof of completion of the ordered education and exams.
6. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE APPRAISERS BOARD

by: \_\_\_\_\_  
A Member of the Board

\_\_\_\_\_ Date

**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

<b>1) Name and Title of Person Submitting the Request:</b>  Cortney Keo, Paralegal Heather Curnutt, Attorney		<b>2) Date When Request Submitted:</b>  January 30, 2012 Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
<b>3) Name of Board, Committee, Council, Sections:</b> Real Estate Appraisers Board			
<b>4) Meeting Date:</b> February 22, 2012	<b>5) Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>6) How should the item be titled on the agenda page?</b> Proposed Stipulation and Final Decision and Order - 10 APP 052; Matthew J. Haasch	
<b>7) Place Item in:</b> <input type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input checked="" type="checkbox"/> Both	<b>8) Is an appearance before the Board being scheduled? If yes, who is appearing?</b>  <input type="checkbox"/> Yes by _____ (name)  <input checked="" type="checkbox"/> No	<b>9) Name of Case Advisor(s), if required:</b> Lawrence Nicholson	
<b>10) Describe the issue and action that should be addressed:</b>  Determine whether or not to accept the attached document.			
11) _____ Authorization			
Signature of person making this request		Date	
Supervisor (if required)		Date	
Bureau Director signature (indicates approval to add post agenda deadline item to agenda) Date			
<b>Directions for including supporting documents:</b> 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

STATE OF WISCONSIN  
BEFORE THE WISCONSIN REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF THE DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : STIPULATION  
MATTHEW J. HAASCH, :  
RESPONDENT. :

---

Division of Enforcement Case No. 10 APP 052

It is hereby stipulated between Matthew J. Haasch, Respondent, and Peter W. McCombs, Attorney for the Department of Regulation and Licensing, Division of Enforcement, as follows:

1. This Stipulation is entered into as a result of a pending investigation by the Division of Enforcement. Respondent consents to the resolution of this investigation by Stipulation and without the issuance of a formal complaint.
2. Respondent understands that by signing this Stipulation he voluntarily and knowingly waives his rights, including:
  - the right to a hearing on the allegations against him, at which time the state has the burden of proving those allegations by a preponderance of the evidence;
  - the right to confront and cross-examine the witnesses against him;
  - the right to call witnesses on his behalf and to compel their attendance by subpoena;
  - the right to testify on his own behalf;
  - the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
  - the right to petition for rehearing; and
  - all other applicable rights afforded under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.
3. Respondent is aware of his right to seek legal representation and has been provided an opportunity to obtain legal counsel prior to signing this Stipulation.
4. Respondent agrees to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.
5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division of Enforcement for further proceedings. In the event that the Stipulation is not accepted by the

Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

6. The parties to this Stipulation agree that the attorney or other agent for the Division of Enforcement and any member of the Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of Respondent, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with deliberations on the Stipulation. Additionally, any such Board advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.

7. Respondent is informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

8. The Division of Enforcement joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

  
\_\_\_\_\_  
Matthew J. Haasch, Respondent  
4690 Lannon Road  
Pewaukee, WI 53072  
License number 9-1626

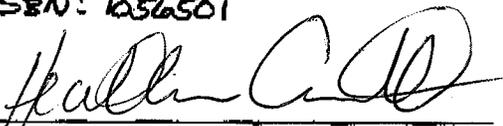
Date

1/25/12

  
\_\_\_\_\_  
Jonathan Sayas, Attorney for Respondent  
Sayas, Schmuki, Rondini & Plum S.C.  
11430 West Bluemound Road  
Suite 200  
Wauwatosa, WI 53226  
SEN: 1056501

Date

1/30/12

  
\_\_\_\_\_  
Peter W. McCombs, Attorney  
Division of Enforcement  
P.O. Box 8935  
Madison, WI 53708-8935

Date

1/30/12

Heather Curnutt

STATE OF WISCONSIN  
BEFORE THE WISCONSIN REAL ESTATE APPRAISERS BOARD

---

IN THE MATTER OF THE DISCIPLINARY :  
PROCEEDINGS AGAINST :  
 : FINAL DECISION AND ORDER  
MATTHEW J. HAASCH, :  
RESPONDENT. :

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Division of Enforcement Case No. 10 APP 052

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

Matthew J. Haasch  
4690 Lannon Road  
Pewaukee, WI 53072

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

Division of Enforcement  
Department of Safety and Professional Services  
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 Matthew J. Haasch (dob 1/9/1977) is licensed in the State of Wisconsin as a Certified Residential Appraiser and Licensed Appraiser, having license number 9-1626, first issued on 12/4/2007 and current through 12/14/2011. Matthew J. Haasch's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is 4690 Lannon Road, Pewaukee, WI 53072.

2. Respondent, Matthew J. Haasch, is agreeing to the Stipulation, Findings of Fact, Determination, and Final Order for the purpose of cooperating with the Department, and in order to resolve this matter without further hearings and expense. Neither Respondent's agreement, cooperation, or compliance with the Board's order, below, including making any current or

future payment under said order, shall be construed as an admission of civil or criminal liability by Respondent Matthew J. Haasch, with such liability being expressly denied, in this or any other factually related matter.

3. Respondent executed a Summary Report Request as a supervising appraiser, referencing three appraisal work samples submitted by David Whyte, an appraiser license applicant, to the Real Estate Appraisers Application Advisory Committee. The Summary Report Request is attached hereto as Exhibit A.

4. Respondent executed each of the appraisals submitted by Mr. Whyte as the appraiser.

5. Reviews of the submitted appraisals pertaining to 1908 Coldwater Creek Drive, Waukesha, Wisconsin, N26W26312 Quail Hollow Road, Pewaukee, Wisconsin, and 12500 Zinke Drive, Brookfield, Wisconsin noted that Mr. Whyte's assistance is not mentioned in any of the respective appraisal reports, though his assistance is quantified in the Summary Report Request and a Verification of Employment. The Verification of Employment form is attached hereto as Exhibit B. [S.R. 2-2 (abc)(vii)]

6. Review of the submitted appraisal pertaining to 1908 Coldwater Creek Drive, Waukesha, Wisconsin further revealed noncompliance with the Uniform Standards of Professional Appraisal Practice (USPAP) Rules and Standards Rules (SR) as follows:

a. The appraisal report indicated a site value of \$100,000 pursuant to the cost approach. The effective date of the appraisal was 3/26/2010. The site was sold to the builder 10/2009 for \$127,500. No site value support was provided in Respondent's cost approach; nor did the report contain an explanation of the approximately 25% decrease in value in 6 months. [S.R. 1-4(b)(i)]

b. The appraisal report failed to provide any analysis in support of sales grid adjustments to comparable sales 1 and 2. [S.R. 2-1(b) and S.R. 2-2(abc)(viii)]

7. Review of the submitted appraisal pertaining to 12500 Zinke Drive, Brookfield, Wisconsin further revealed noncompliance with USPAP Rules and Standards Rules as follows:

The City of Brookfield Assessor's office indicates that (1) the Sale 1 Gross Living Area (GLA) is 1,818 sq. ft., not 1,571 as specified by the appraisal report; (2) the Sale 2 GLA is 2,294 sq. ft., not 2,354 as specified by the appraisal report; and (3) the Sale 1 site size is .42 acre, not .38 acre as specified by the appraisal report. [S.R. 1-1(c) and S.R. 2-1(a)]

#### 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 paragraph 5 of the Findings of Fact, Matthew J. Haasch violated USPAP S.R. 2-2(abc)(vii) by failing to identify those providing significant real property appraisal assistance.

3. By the conduct described in paragraph 6(a) of the Findings of Fact, Matthew J. Haasch violated USPAP S.R. 1-4(b)(i) by failing to collect, verify and analyze all information necessary for credible assignment results.

4. By the conduct described in paragraph 6(b) of the Findings of Fact, Matthew J. Haasch violated USPAP S.R. 2-1(b) and S.R. 2-2(abc)(viii) by failing to prepare a report containing sufficient information to enable the intended users of the appraisal to understand the report properly, and by failing to describe the information analyzed and the reasoning that supports his analysis, opinions, and conclusions.

5. By the conduct described in paragraph 7 of the Findings of Fact, Matthew J. Haasch violated USPAP S.R. 2-1(b) and S.R. 2-2(abc)(viii) by rendering 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.

6. As a result of the above violations, Matthew J. Haasch has violated Wis. Admin. Code §§ RL (now SPS) 86.01(1) and (2), thereby subjecting himself to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

#### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. Matthew J. Haasch shall, within one year of the date of this Order, successfully complete the following continuing education:
  - a. The 15 Hour National USPAP Course, including taking and passing any exam offered for the course.
  - b. 30 hours of education from among the following courses offered by the Appraisal Institute, or equivalent courses by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exams offered for the courses:
    - i. Basic Appraisal Procedures (30 hours)
    - ii. Residential Report Writing and Case Studies (15 hours)
    - iii. Residential Site Valuation and Cost Approach (15 hours)
    - iv. Residential Sales Comparison and Income Approaches (30 hours)

c. The courses referenced at paragraphs 2(a) and 2(b) may be taken online or in a classroom setting.

d. Matthew J. Haasch shall submit proof of completion in the form of verification from the institution providing the education to the Department Monitor at the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that have been or may be instituted by the Board, Wisconsin Department of Safety and Professional Services or similar authority in any state, and also may not be used in future attempts to upgrade a credential in any state.

3. For a period of two (2) years from the effective date of this order, Respondent shall not train appraisers or prospective appraisers, nor supervise the appraisal work of others.

4. Matthew J. Haasch shall, within 90 days of the date of this Order, pay COSTS of this matter in the amount of \$500.00.

5. Proof of successful course completion and payment of forfeiture and costs (made payable to the Wisconsin Department of Safety and Professional Services) shall be mailed, faxed or delivered by Respondent to the Department Monitor at the address below:

Department Monitor  
Division of Enforcement  
Department of Safety and Professional Services  
P.O. Box 8935, Madison, WI 53708-8935  
Telephone (608) 267-3817, 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 payment of the forfeiture and costs as ordered or fails to comply with the ordered education as set forth above, Respondent's license (license number 9-1626) 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 forfeiture and costs and completion of the education.

7. Case 10APP052 is hereby closed.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

by:

\_\_\_\_\_   
A Member of the Board

\_\_\_\_\_   
Date

Exhibit A

(see attached)

## Summary Report Request

### 1.) N26 W26312 Quail Hollow Road Pewaukee, WI 53072

**Specific Role-** For this appraisal my specific role was to assist my supervising appraiser. I assisted in measuring the exterior of the home, and gathering information on field sheet such as room counts, materials used, additional features and photos. Upon returning to the office, wrote the information in the form and conducted research on the subject property. My supervising appraiser pulled the comparables and I gathered information about comparable sales by Wiredata/MLS or contacting the municipality. Once all information has been gathered I wrote it into report. My supervising appraiser and I went over the adjustments together. My final responsibility was to take exterior photos of the comparable sales. Total of 8 hours to complete appraisal.

Professional Assistant- Matt Haasch (supervising appraiser)

Percentage of Work- Gathering field experience – 50% each

Information pertaining to subject property – 80%

Identifying comparable sales- 20%

Gathering information of comparable sales- 100%

Writing report- 80%

Adjustment of comparable sales- 30%

Reconciliation of Report- 50%

### 2.) 12500 Zinke Drive Brookfield, WI 53005

**Specific Role-** Go with supervising appraiser to subject home and take exterior photos and gather information on field sheet. (measurements, exterior materials, room counts, additional features etc.) Information that wasn't gathered in the field was my job to figure out such as plat map, and zoning classifications. I gathered this information and wrote into report. This took three hours. My supervising appraiser assisted me in identifying correct comparable sales and gathered information that is needed of comparable sales. This took one hour and one hour to write into report.

Professional Assistant- Matt Haasch and Kathy McCartan (supervising appraisers)

Percentage of Work – Gathering information field experience – 50 %

Information pertaining to subject- 80 %

Identifying comparable sales – 20 %

Gathering information of comparable sales – 100%

Writing Report – 80%

Adjustment of comparable sales – 60%

Reconciliation of Report – 50 %

### 3.) 1908 Coldwater Creek Drive, Waukesha, WI 53188

**Specific Role-** Assist supervising appraiser to subject home and take exterior photos and gather information on field sheet. (measurements, exterior materials, room counts, additional features etc.) Information that wasn't gathered in the field was my job to figure out such as plat map, and zoning classifications. With this appraisal I

used blueprints for sketch. I gathered this information and wrote into report. The cost approach was used (new construction) so I gathered information from Marshall & Swift to complete under assistants of supervising appraiser. My supervising appraiser assisted me in identifying correct comparable sales and gathered information that is needed of comparable sales. This took one hour and one hour to write into report.

Professional Assistant- Matt Haasch and Kathy McCartan (Supervising Appraiser)

Percentage of Work – Gathering field experience – 70%

Information pertaining to subject- 80%

Identifying comparable sales- 40%

Gathering information of comparable sale- 100%

Cost Approach Information – 50%

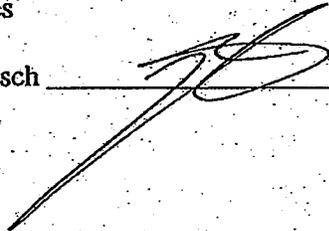
Writing Report- 80%

Adjustment of Comparable sales – 80%

Reconciliation of Report – 70%

Signatures

Matt Haasch



(Supervising Appraiser)

Exhibit B

(see attached)

Verification of Employment

Real Estate Services  
4690 Lannon Road  
Brookfield, WI 53072

McCartan Appraisal  
18200 Pleasant Street  
Brookfield, WI 53045

Job Description

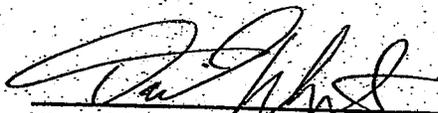
- Write up orders for work file- 5 Hours
- Assist in pulling comparable properties- 50 Hours
- Research subject information-400 Hours
- Research comparable information-700 Hours
- Write up forms with gathered information – 500 Hours
- Assist in adjustments with sales approach – 200 Hours
- Assist in gathering information for cost approach – 100 Hours
- Assist in analyzing data for rentals in income approach -75 Hours
- Discuss Reconciliation of value with supervising appraiser – 75 Hours
- File final report in work file-20 Hours
- Record keeping of invoices – 20 Hours

Dates of Employment

03/09-Present – Hours spent 2141

Statement

I hereby declare that by signing this document the above information is my work and in compliance with USPAP Standard 6.

  
\_\_\_\_\_  
David Whyte (Applicant)

5/26/10

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Matt Haasch (Supervisor)

5/26/10

\_\_\_\_\_  
Date

**State of Wisconsin  
Department of Safety & Professional Services**

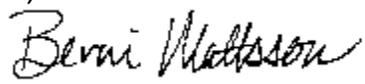
**AGENDA REQUEST FORM**

<b>1) Name and Title of Person Submitting the Request:</b>  Candace O. Bloedow		<b>2) Date When Request Submitted:</b>  November 1, 2011 Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
<b>3) Name of Board, Committee, Council, Sections:</b> Real Estate Appraisers Board			
<b>4) Meeting Date:</b> December 13, 2011	<b>5) Attachments:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<b>6) How should the item be titled on the agenda page?</b> Delegation from Real Estate Appraisers Board to the Department – 09 APP 063	
<b>7) Place Item in:</b> <input type="checkbox"/> Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/> Both	<b>8) Is an appearance before the Board being scheduled? If yes, who is appearing?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>9) Name of Case Advisor(s), if required:</b>	
<b>10) Describe the issue and action that should be addressed:</b>  As pertains specifically to Division of Enforcement Case No. 09 APP 063, ALJ decisions will be adopted as written by the ALJ. Any other disciplinary reviews, such as a case closing, a stipulation or other discipline, and all nondisciplinary reviews such as an administrative warning, shall be delegated to the Secretary of the Department or his designee.			
<b>11) Authorization</b>			
<i>Candace O. Bloedow</i>		<i>November 1, 2011</i>	
Signature of person making this request		Date	
Supervisor (if required)		Date	
Bureau Director signature (indicates approval to add post agenda deadline item to agenda)		Date	
<b>Directions for including supporting documents:</b> <ol style="list-style-type: none"> <li>1. This form should be attached to any documents submitted to the agenda.</li> <li>2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director.</li> <li>3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.</li> </ol>			

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**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

1) Name and Title of Person Submitting the Request:  <b>Berni Mattsson</b>		2) Date When Request Submitted:  <b>2/3/12</b>	
		Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
3) Name of Board, Committee, Council, Sections: <b>Real Estate Appraisers Board</b>			
4) Meeting Date: <b>2/22/12</b>	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? <b>Fifth Exposure Draft of Proposed Revisions to the Real Property Appraiser Qualification Criteria</b>	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing?  <input type="checkbox"/> Yes by _____ (name)  <input type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: <b>Provided for Information.</b>			
11) Authorization  <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">  </div> <div style="width: 35%; text-align: right;"> <b>2/3/12</b> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">Signature of person making this request</div> <div style="width: 35%; text-align: right;">Date</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">Supervisor (if required)</div> <div style="width: 35%; text-align: right;">Date</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">Bureau Director signature (indicates approval to add post agenda deadline item to agenda)</div> <div style="width: 35%; text-align: right;">Date</div> </div>			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			



TO: All Interested Parties

FROM: Rick Baumgardner, Chair  
Appraiser Qualifications Board

RE: **Fifth Exposure Draft of Proposed Revisions to the *Real Property Appraiser Qualification Criteria***

DATE: October 27, 2011

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The goal of the *Real Property Appraiser Qualification Criteria (Criteria)* is to promote and maintain a high level of public trust in appraisal practice by establishing minimum education, experience, and examination requirements for real property appraisers. With this goal in mind, the Appraiser Qualifications Board (AQB) periodically examines the *Criteria* to determine if they are serving their intended purpose under Title XI of FIRREA. In addition, the AQB regularly receives comments and suggestions from appraisers, educators, regulators, and others on how to improve the *Criteria*. As indicated above, all proposed changes are intended to promote and maintain public trust in appraisal practice.

As mentioned in the first four exposure drafts, the AQB held a public hearing in Minneapolis, Minnesota, on June 25, 2010, where a wide range of constituents, including representatives from professional appraiser organizations, educators, regulators, and users of appraisal services provided comments to the Board suggesting the types of revisions to the *Criteria* that should be considered for the future. The AQB spent a considerable amount of time reviewing those comments and on October 19, 2010, issued a First Exposure Draft of potential changes to the *Criteria* for public comment and feedback.

In response to the First Exposure Draft, the Board received a number of written comments, as well as oral comments at its public meeting in New Orleans, Louisiana on December 3, 2010. Based on the feedback received, the AQB published a Second Exposure Draft on January 14, 2011 and received numerous written comments, as well as oral comments at its public meeting in Tampa, Florida on February 25, 2011. Based on the feedback received from that exposure draft, on March 18, 2011, the AQB issued its Third Exposure Draft of Proposed Revisions to the *Real Property Appraiser Qualification Criteria*.

Again the Board received a number of written comments in response to the Third Exposure Draft, as well as oral comments at its public meeting in Salt Lake City, Utah on April 29, 2011. Once again the AQB received additional written comments in response to the Fourth Exposure Draft, as well as oral comments at its public meeting in Washington, DC on October 14, 2011. As a result, the Board is now issuing its *Fifth Exposure Draft of Proposed Changes to the Real Property Appraiser Qualification Criteria*.

The AQB does not anticipate publishing another exposure draft on the proposed revisions contained in this document. The Board anticipates adopting any of the proposed revisions at its public meeting in Houston, Texas on December 9, 2011. As indicated in all prior exposure drafts, **the effective date of any proposed revisions to the Criteria is likely to be January 1, 2015**. This extended lead time is necessary to ensure proper exposure of the proposed revisions, as well as to allow state appraiser regulatory agencies ample time to make any necessary revisions to their laws or regulations in advance of the effective date.

**IMPORTANT NOTE:** As noted in prior exposure drafts, some comments received by the Board reflected some respondents' misunderstanding that the proposed changes to the *Real Property Appraiser Qualification Criteria* would apply to individuals who already possess an appraiser credential. The AQB again wishes to clarify that the proposed changes would apply only to those individuals seeking to obtain an initial credential, to change the level of their existing credential (e.g. "upgrade" from Licensed Residential to Certified Residential or Certified Residential to Certified General), or possibly to obtain a credential in a different jurisdiction (depending on the requirements of the applicable state appraiser regulatory agency).

**All interested parties are encouraged to comment in writing to the AQB before the deadline of December 5, 2011.** Respondents should be assured that each member of the AQB will thoroughly read and consider all comments. Comments are also invited at the AQB public meeting on in Houston, Texas on December 9, 2011.

The first four exposure drafts and all written comments received in response to them can be viewed on The Appraisal Foundation's website at:

<http://netforum.avectra.com/eweb/DynamicPage.aspx?Site=TAF&WebCode=AQBDrafts>

Written comments on this exposure draft can be submitted by mail, email and facsimile.

Mail: Appraiser Qualifications Board  
The Appraisal Foundation  
1155 15<sup>th</sup> Street, NW, Suite 1111  
Washington, DC 20005

Email: [aqbcomments@appraisalfoundation.org](mailto:aqbcomments@appraisalfoundation.org)

Facsimile: (202) 347-7727

**IMPORTANT NOTE: All written comments will be posted for public viewing, exactly as submitted, on the website of The Appraisal Foundation. Names may be redacted upon request.**

**The Appraisal Foundation reserves the right not to post written comments that contain offensive or inappropriate statements.**

If you have any questions regarding the attached exposure draft, please contact Magdalene Vasquez, Qualifications Administrator at The Appraisal Foundation, via e-mail at [magdalene@appraisalfoundation.org](mailto:magdalene@appraisalfoundation.org) or by calling (202) 624-3074.

# **Fifth Exposure Draft of Proposed Revisions for the Future Real Property Appraiser Qualification Criteria (Criteria)**

**Issued October 27, 2011  
Comment Deadline: December 5, 2011**

Each section of this exposure draft begins with a rationale for the proposed changes. The rationale is identified as such and does not have line numbering. Where proposed changes to the *Criteria* are noted, the exposure draft contains line numbers. This difference is intended to distinguish for the reader those parts that explain the changes from the proposed changes themselves.

When commenting on various aspects of the exposure draft, it is very helpful to reference the line numbers, fully explain the reasons for concern or support, provide examples or illustrations, and suggest any alternatives or additional issues that the AQB should consider.

Because this is the final exposure draft the AQB anticipates publishing regarding these proposed revisions, please note that where text is to be deleted from what currently appears in the *Real Property Appraiser Qualification Criteria*, that text is shown as ~~strikeout text proposed for deletion~~. Text added to what currently appears in the *Real Property Appraiser Qualification Criteria* is underlined. For example: This is text proposed for insertion.

NOTE: All current Interpretations of the *Criteria* will be incorporated into the main text of the *Criteria* when any revisions are adopted by the AQB (unless an Interpretation applies to a section of the *Criteria* that is being proposed for deletion). In the sections shown in this document where Interpretations would be included, they are shown in underlined text in the same manner as the proposed revisions to the *Criteria* itself are shown.

For ease in identifying the various issues being addressed, the exposure draft is presented in sections.

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**Section 1: Proposed Revision to Require Education and Experience as Prerequisites for the Examination**

**RATIONALE**

As stated in previous exposures, the only prerequisite in the current *Criteria* for taking the *National Uniform Licensing and Certification Examinations* is successful completion of the specific educational requirements for the particular classification. However, it has been noted that several jurisdictions already require completion of the experience requirements prior to taking the examination.

The AQB began collecting some demographic information on candidates sitting for the exams in January 2010. Data collected thus far strongly indicate that those candidates possessing substantive experience perform better on the exam than those without such experience. This is consistent with expectations of the AQB as the examination, since January 1, 2008, is now largely a “practice-based” examination. It measures more than just a candidate’s ability to recall one’s coursework, but also seeks to measure one’s ability to apply educational concepts to real world problems.

The completion of experience requirements prior to the examination also resolves another complication under the current *Criteria*. The *Criteria* require Certified General candidates to possess 30 months of acceptable experience, but limits the validity period of the examination results to 24 months. Those candidates who pass the examination without having any eligible experience clearly cannot complete this experience requirement within the specified timeframe.

There has been no change in this proposal since the First Exposure Draft. There have been few comments since the release of the Fourth Exposure Draft, and most of the comments received to date have supported making a practice-based exam the capstone of the application process.

## LICENSED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION

### 1 III. Examination

2 A. The AQB-approved Licensed Residential Real Property Appraiser Examination  
3 must be successfully completed. The only alternative to successful completion of  
4 the Licensed Residential examination is the successful completion of the Certified  
5 Residential or Certified General examination.

6 B. The prerequisites for taking the AQB-approved examination are completion of:

- 7 1. One hundred fifty (150) creditable class hours as specified in the Required  
8 Core Curriculum; and
- 9 2. Two thousand (2,000) hours of qualifying experience in no fewer than twelve  
10 (12) months.

### 11 IV. Qualifying Education

12 A. ~~The prerequisite for taking the AQB approved examination is completion of one~~  
13 ~~hundred fifty (150) creditable class hours as specified in the required Core~~  
14 ~~Curriculum Appendix. The Licensed Residential Real Property Appraiser~~  
15 ~~classification requires completion of one hundred fifty (150) creditable class~~  
16 ~~hours as specified in the Required Core Curriculum. The applicant shall~~  
17 ~~successfully complete the 15-hour National USPAP Course, or its AQB-approved~~  
18 ~~equivalent, and the examination. There is no alternative to successful completion~~  
19 ~~of the USPAP Course and examination.~~

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION

### 20 II. Examination

21 A. The AQB-approved Certified Residential Real Property Appraiser Examination  
22 must be successfully completed. The only alternative to successful completion of  
23 the Certified Residential examination is the successful completion of the Certified  
24 General examination.

25 B. The prerequisites for taking the AQB-approved examination are completion of:

- 26 1. Two hundred (200) creditable class hours as specified in the Required Core  
27 Curriculum;
- 28 2. Two thousand five hundred (2,500) hours of qualifying experience obtained in  
29 no fewer than twenty-four (24) months.

### 30 III. Qualifying Education

31 C. ~~The prerequisite for taking the AQB approved examination is completion of two~~  
32 ~~hundred (200) creditable class hours as specified in the required Core Curriculum~~  
33 ~~Appendix. The Certified Residential Real Property Appraiser classification~~  
34 ~~requires completion of two hundred (200) creditable class hours as specified in~~  
35 ~~the Required Core Curriculum. The applicant shall successfully complete the 15-~~

36 hour National USPAP Course, or its AQB-approved equivalent, and the  
37 examination. There is no alternative to successful completion of the USPAP  
38 Course and examination.

## CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION

### 39 II. Examination

40 A. The AQB-approved ~~Uniform State~~ Certified General Real Property Appraiser  
41 Examination must be successfully completed. There is no alternative to  
42 successful completion of the exam.

43 B. The prerequisites for taking the AQB-approved examination are completion of:

44 1. Three hundred (300) creditable class hours as specified in the Required Core  
45 Curriculum; and

46 2. Three thousand (3,000) hours of qualifying experience obtained in no fewer  
47 than thirty (30) months, where a minimum of one thousand five hundred  
48 (1,500) hours must be obtained in non-residential appraisal work.

### 49 III. Qualifying Education

50 C. ~~The prerequisite for taking the AQB-approved examination is completion of three~~  
51 ~~hundred (300) creditable class hours as specified in the required Core Curriculum~~  
52 ~~Appendix.~~ The Certified General Real Property Appraiser classification requires  
53 completion of three hundred (300) creditable class hours as specified in the  
54 Required Core Curriculum. The applicant shall successfully complete the 15-hour  
55 National USPAP Course, or its AQB-approved equivalent, and the examination.  
56 There is no alternative to successful completion of the USPAP Course and  
57 examination.

## Section 2: Proposed Revision to College Degree Requirements and Removal of “In Lieu Of” Option for College-Level Education

### RATIONALE

Currently, the only requirements in the *Criteria* pertaining to college degrees as part of qualifying education relate to the Certified Residential and Certified General classifications. The college degree requirements applicable to the appraiser classifications in the current *Criteria* are summarized as follows:

- Applicants for the Certified Residential classification must currently hold an Associate degree, or higher; or applicants may utilize the “in lieu” option outlined in Section III.B of the Certified Residential criteria which requires the college course equivalent of 21 semester credit hours in specified collegiate subject matter courses.
- Applicants for the Certified General classification must currently hold a Bachelor’s degree, or higher; or applicants may utilize the “in lieu” option outlined in Section III.B of the Certified General criteria which requires the college course equivalent of 30 semester credit hours in specified collegiate subject matter courses.
- There are currently no college degree requirements for applicants for the Trainee or Licensed Residential classifications.

In early 2010, the AQB solicited comments from users, providers and regulators of appraisal services pertaining to college degree prerequisites. Additional comments were provided at the AQB public hearing held at Minneapolis in June 2010, as well as public meetings held in New Orleans in December 2010, in Tampa in February 2011, in Salt Lake City in April 2011, and in Washington, DC in October 2011.

The few comments pertaining to this section following the Fourth Exposure Draft were predominantly in support of the proposed changes to the current *Criteria* regarding the college degree requirements for the Certified General and Certified Residential classifications, the 30 hours of college-level education for the Licensed Residential and the removal of the “in lieu” option for college-level education.

Thus, there have been no changes to the proposed *Criteria* from the Fourth Exposure Draft.

Following are the proposed revisions to the qualifying education requirements for the Licensed Residential, Certified Residential and Certified General classifications.

NOTE: For ease of reading, proposed revisions from Section 1 of this exposure draft have been included here in Section 2 *without* strikethrough or underscore text (e.g., in their proposed final form).

LICENSED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION

58 III. Qualifying Education

59 A. Applicants for the Licensed Residential credential shall successfully complete 30  
60 semester hours of college-level education, from an accredited college, junior  
61 college, community college, or university. The college or university must be a  
62 degree-granting institution accredited by the Commission on Colleges, a regional  
63 or national accreditation association, or by an accrediting agency that is  
64 recognized by the U.S. Secretary of Education. If an accredited college or  
65 university accepts the College-Level Examination Program® (CLEP) and  
66 examination(s) and issues a transcript for the exam, showing its approval, it will  
67 be considered as credit for the college course.

68 Applicants holding an Associate degree, or higher, from an accredited college,  
69 junior college, community college, or university satisfy the 30-hour college-level  
70 education requirement.

71 Applicants with a college degree from a foreign country may have their education  
72 evaluated for “equivalency” by one of the following:

- 73 • An accredited, degree-granting domestic college or University;
- 74 • The American Association of Collegiate Registrars and Admissions  
75 Officers (AACRAO);
- 76 • A foreign degree credential evaluation service company that is a member  
77 of the National Association of Credential Evaluation Services (NACES);  
78 or
- 79 • A foreign degree credential evaluation service company that provides  
80 equivalency evaluation reports accepted by an accredited degree-granting  
81 domestic college or University or by a state licensing board that issues  
82 credentials in another discipline.

83 B. The Licensed Residential Real Property Appraiser classification requires  
84 completion of one hundred fifty (150) creditable class hours as specified in the  
85 Required Core Curriculum. The applicant shall successfully complete the 15-hour  
86 National USPAP Course, or its AQB-approved equivalent, and the examination.  
87 There is no alternative to successful completion of the USPAP Course and  
88 examination.

89 C. Appraisers holding a valid Trainee Real Property Appraiser credential may satisfy  
90 the educational requirements for the Licensed Residential Real Property  
91 Appraiser credential by completing the following additional educational hours:

92	1. <u>Residential Market Analysis and Highest and Best Use</u>	<u>15 Hours</u>
93	2. <u>Residential Appraiser Site Valuation and Cost Approach</u>	<u>15 Hours</u>
94	3. <u>Residential Sales Comparison and Income Approaches</u>	<u>30 Hours</u>
95	4. <u>Residential Report Writing and Case Studies</u>	<u>15 Hours</u>
96	<u>Total</u>	<u>75 Hours</u>

- 97 D. Trainee Real Property Appraisers wishing to change to the Licensed Residential  
98 Real Property Appraiser classification must also satisfy the college-level  
99 education requirements as specified in III.A.
- 100 E. Appraisers holding a valid Certified Residential Real Property Appraiser  
101 credential satisfy the educational requirements for the Licensed Residential Real  
102 Property Appraiser credential.
- 103 F. Appraisers holding a valid Certified General Real Property Appraiser credential  
104 satisfy the educational requirements for the Licensed Residential Real Property  
105 Appraiser credential.

## CERTIFIED RESIDENTIAL REAL PROPERTY APPRAISER CLASSIFICATION

### 106 III. Qualifying Education

107 A. Applicants for the Certified Residential license must hold ~~an Associate a~~  
108 Bachelor's degree, or higher, from an accredited college, ~~junior college,~~  
109 ~~community college,~~ or university, ~~unless the requirements of Section III.B are~~  
110 ~~satisfied.~~ The college or university must be a degree-granting institution  
111 accredited by the Commission on Colleges, a regional or national accreditation  
112 association, or by an accrediting agency that is recognized by the U.S. Secretary  
113 of Education.

114 ~~or~~

115 ~~B. In lieu of the Associate degree, an applicant for the Certified Residential license~~  
116 ~~shall successfully pass all of the following collegiate subject matter courses from~~  
117 ~~an accredited college, junior college, community college, or university:~~

- 118 1. ~~English Composition;~~
- 119 2. ~~Principles of Economics (Micro or Macro);~~
- 120 3. ~~Finance;~~
- 121 4. ~~Algebra, Geometry, or higher mathematics;~~
- 122 5. ~~Statistics;~~
- 123 6. ~~Computer Science; and~~
- 124 7. ~~Business or Real Estate Law.~~

125 ~~Total hours of equivalent college courses in lieu of an Associate degree: 21~~  
126 ~~semester credit hours or its equivalent for the certified residential appraiser. If an~~  
127 ~~accredited college or university (accredited by the Commission on Colleges, a~~  
128 ~~regional or national accreditation association, or by an accrediting agency that is~~  
129 ~~recognized by the U.S. Secretary of Education) accepts the College Level~~  
130 ~~Examination Program® (CLEP) examination(s) and issues a transcript for the~~  
131 ~~exam, showing its approval, it will be considered as credit for the college course.~~

132 Applicants with a college degree from a foreign country may have their education  
133 evaluated for “equivalency” by one of the following:

- 134 • An accredited, degree-granting domestic college or University;

- 135 • The American Association of Collegiate Registrars and Admissions
- 136 Officers (AACRAO);
- 137 • A foreign degree credential evaluation service company that is a member
- 138 of the National Association of Credential Evaluation Services (NACES);
- 139 or
- 140 • A foreign degree credential evaluation service company that provides
- 141 equivalency evaluation reports accepted by an accredited degree-granting
- 142 domestic college or University or by a state licensing board that issues
- 143 credentials in another discipline.

144 B. The Certified Residential Real Property Appraiser classification requires

145 completion of two hundred (200) creditable class hours as specified in the

146 Required Core Curriculum. The applicant shall complete the 15-hour National

147 USPAP Course, or its AQB-approved equivalent, and the examination. There is

148 no alternative to successful completion of the USPAP Course and examination.

149 C. Appraisers holding a valid Trainee Real Property Appraiser credential may satisfy

150 the educational requirements for the Certified Residential Real Property Appraiser

151 credential by completing the following additional educational hours:

152	1. <u>Residential Market Analysis and Highest and Best Use</u>	<u>15 Hours</u>
153	2. <u>Residential Appraiser Site Valuation and Cost Approach</u>	<u>15 Hours</u>
154	3. <u>Residential Sales Comparison and Income Approaches</u>	<u>30 Hours</u>
155	4. <u>Residential Report Writing and Case Studies</u>	<u>15 Hours</u>
156	5. <u>Statistics, Modeling and Finance</u>	<u>15 Hours</u>
157	6. <u>Advanced Residential Applications and Case Studies</u>	<u>15 Hours</u>
158	7. <u>Appraisal Subject Matter Electives</u>	<u>20 Hours</u>
159	<u>Total</u>	<u>125 Hours</u>

160 D. Appraisers holding a valid Licensed Residential Real Property Appraiser

161 credential may satisfy the educational requirements for the Certified Residential

162 Real Property Appraiser credential by completing the following additional

163 educational hours:

164	1. <u>Statistics, Modeling and Finance</u>	<u>15 Hours</u>
165	2. <u>Advanced Residential Applications and Case Studies</u>	<u>15 Hours</u>
166	3. <u>Appraisal Subject Matter Electives</u>	<u>20 Hours</u>
167	<u>Total</u>	<u>50 Hours</u>

168 E. Trainee Real Property Appraisers and Licensed Residential Real Property

169 Appraisers wishing to change to the Certified Residential Real Property Appraiser

170 classification must also satisfy the college degree requirements as specified in

171 III.A.

172 F. Appraisers holding a valid Certified General Real Property Appraiser credential

173 satisfy the educational requirements for the Certified Residential Real Property

174 Appraiser credential.

CERTIFIED GENERAL REAL PROPERTY APPRAISER CLASSIFICATION

175 III. Qualifying Education

176 A. Applicants for the Certified General license must hold a Bachelor’s degree, or  
177 higher, from an accredited college or university, ~~unless the requirements of the~~  
178 ~~following Section III.B are satisfied.~~ The college or university must be a degree-  
179 granting institution accredited by the Commission on Colleges, a regional or  
180 national accreditation association, or by an accrediting agency that is recognized  
181 by the U.S. Secretary of Education.

182 or

183 B. ~~In lieu of the Bachelors degree, an applicant for the Certified General credential~~  
184 ~~shall successfully pass all of the following collegiate level subject matter courses~~  
185 ~~from an accredited college, junior college, community college or university:~~

- 186 1. ~~English Composition;~~
- 187 2. ~~Micro Economics;~~
- 188 3. ~~Macro Economics;~~
- 189 4. ~~Finance;~~
- 190 5. ~~Algebra, Geometry, or higher mathematics;~~
- 191 6. ~~Statistics;~~
- 192 7. ~~Computer Science;~~
- 193 8. ~~Business or Real Estate Law; and~~
- 194 9. ~~Two elective courses in accounting, geography, agricultural economics,~~  
195 ~~business management, or real estate.~~

196 ~~Total hours of equivalent college courses in lieu of a Bachelor’s degree: 30~~  
197 ~~semester credit hours or its equivalent for the certified general appraiser. If an~~  
198 ~~accredited college or university (accredited by the Commission on Colleges, a~~  
199 ~~regional or national accreditation association, or by an accrediting agency that is~~  
200 ~~recognized by the U.S. Secretary of Education) accepts the College Level~~  
201 ~~Examination Program® (CLEP) examination(s) and issues a transcript for the~~  
202 ~~exam, showing its approval, it will be considered as credit for the college course.~~

203 Applicants with a college degree from a foreign country may have their education  
204 evaluated for “equivalency” by one of the following:

- 205 • An accredited, degree-granting domestic college or University;
- 206 • The American Association of Collegiate Registrars and Admissions  
207 Officers (AACRAO);
- 208 • A foreign degree credential evaluation service company that is a member  
209 of the National Association of Credential Evaluation Services (NACES);  
210 or
- 211 • A foreign degree credential evaluation service company that provides  
212 equivalency evaluation reports accepted by an accredited degree-granting  
213 domestic college or University or by a state licensing board that issues  
214 credentials in another discipline.

215 B. The Certified General Real Property Appraiser classification requires completion  
216 of three hundred (300) creditable class hours as specified in the Required Core  
217 Curriculum. The applicant shall complete the 15-hour National USPAP Course,  
218 or its AQB-approved equivalent, and the examination. There is no alternative to  
219 successful completion of the USPAP Course and examination.

220 DC. Applicants must demonstrate that their education includes the core courses listed  
221 in these criteria, with particular emphasis on non-residential properties.  
222 Residential is defined as “composed of one to four residential units.”

223 E. Appraisers holding a valid Trainee Real Property Appraiser credential may satisfy  
224 the educational requirements for the Certified General Real Property Appraiser  
225 credential by completing the following additional educational hours:

226	1. <u>General Appraiser Market Analysis and Highest and Best Use</u>	<u>30 Hours</u>
227	2. <u>Statistics, Modeling and Finance</u>	<u>15 Hours</u>
228	3. <u>General Appraiser Sales Comparison Approach</u>	<u>30 Hours</u>
229	4. <u>General Appraiser Site Valuation and Cost Approach</u>	<u>30 Hours</u>
230	5. <u>General Appraiser Income Approach</u>	<u>60 Hours</u>
231	6. <u>General Appraiser Report Writing and Case Studies</u>	<u>30 Hours</u>
232	7. <u>Appraisal Subject Matter Electives</u>	<u>30 Hours</u>
233		<u>Total 225 Hours</u>

234 F. Appraisers holding a valid Licensed Residential Real Property Appraiser  
235 credential may satisfy the educational requirements for the Certified General Real  
236 Property Appraiser credential by completing the following additional educational  
237 hours:

238	1. <u>General Appraiser Market Analysis and Highest and Best Use</u>	<u>15 Hours</u>
239	2. <u>Statistics, Modeling and Finance</u>	<u>15 Hours</u>
240	3. <u>General Appraiser Sales Comparison Approach</u>	<u>15 Hours</u>
241	4. <u>General Appraiser Site Valuation and Cost Approach</u>	<u>15 Hours</u>
242	5. <u>General Appraiser Income Approach</u>	<u>45 Hours</u>
243	6. <u>General Appraiser Report Writing and Case Studies</u>	<u>15 Hours</u>
244	7. <u>Appraisal Subject Matter Electives</u>	<u>30 Hours</u>
245		<u>Total 150 Hours</u>

246 G. Appraisers holding a valid Certified Residential Real Property Appraiser  
247 credential may satisfy the educational requirements for the Certified General Real  
248 Property Appraiser credential by completing the following additional educational  
249 hours:

250	1. <u>General Appraiser Market Analysis and Highest and Best Use</u>	<u>15 Hours</u>
251	2. <u>General Appraiser Sales Comparison Approach</u>	<u>15 Hours</u>
252	3. <u>General Appraiser Site Valuation and Cost Approach</u>	<u>15 Hours</u>
253	4. <u>General Appraiser Income Approach</u>	<u>45 Hours</u>
254	5. <u>General Appraiser Report Writing and Case Studies</u>	<u>10 Hours</u>
255		<u>Total 100 Hours</u>

256 H. Trainee Real Property Appraisers, Licensed Residential Real Property Appraisers,  
257 and Certified Residential Real Property Appraisers wishing to change to the  
258 Certified General Real Property Appraiser classification must also satisfy the  
259 educational requirements as specified in III.C.

260 I. Trainee Real Property Appraisers, Licensed Residential Real Property Appraisers,  
261 and Certified Residential Real Property Appraisers wishing to change to the  
262 Certified General Real Property Appraiser classification must also satisfy the  
263 college degree requirements as specified in III.A.

### Section 3: Proposed Requirement for Background Checks

#### RATIONALE

As stated in the first three exposure drafts, the current *Criteria* do not address background requirements for individuals applying for (or already holding) real estate appraiser credentials. However, several state appraiser regulatory agencies have exercised their sovereign right to go above the minimum AQB *Criteria* and conduct background investigations on their own, to comply with their individual jurisdiction's law or regulations.

The AQB is charged with establishing requirements that maintain and promote public trust in the appraisal profession. As stated in the First and Second Exposure Drafts, because state appraiser regulatory agencies issue credentials to individuals who may enter private properties, have access to sensitive financial data, or possess the potential to create significant financial harm, it is crucial that credentialed appraisers do not possess a background that could be deemed as having a negative effect on public trust.

Individuals in many other professions, including those associated with mortgage lending transactions (examples include mortgage brokers and loan originators) are now regulated and as part of their credentialing process, must undergo a background check prior to being credentialed (the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, otherwise known as the S.A.F.E. Act, mandates minimum standards, in part, for licensing and registration as a state-licensed loan originator).

Comments received in response to the First Exposure Draft generally indicate strong support to require background checks for appraisers in order to maintain and support public trust. And as stated above, some state appraiser regulatory agencies already perform such checks. However, some jurisdictions recognized the additional cost and authority they may need in order to implement background check requirements. In addition, some jurisdictions also voiced concern that without some sense of the types of backgrounds that should be prohibited, they may have difficulty implementing such requirements. As a result, the Second Exposure Draft included examples of minimum background requirements that applicants must satisfy in order to obtain (or maintain) a credential. The Second Exposure Draft also included examples of other background requirements a state appraiser regulatory agency may wish to consider as unacceptable. The Third Exposure Draft further refined this language based on comments received.

Comments received to the Third Exposure Draft generally continue to indicate strong support to require background checks for all new appraisers in order to maintain the public trust. While there were a few comments concerning some technicalities of the language, the AQB has further researched these matters, finding support for this requirement as necessary to preserve the public trust in the appraisal profession that allows appraisers the continued access to private real estate and sensitive financial information.

There have been few comments received since the release of the Fourth Exposure Draft, and most of the comments generally continue to indicate strong support to require background checks for all new appraisers in order to maintain the public trust.

CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

264 VI. Background Checks

265 A. All candidates for a real property appraiser credential must undergo background  
266 screening. State appraiser regulatory agencies shall, at a minimum, obtain  
267 fingerprints of the individual, in digital form if practicable, and any appropriate  
268 identifying information for submission to the Federal Bureau of Investigation  
269 and/or any governmental agency or entity authorized to receive such information  
270 in connection with a State and national background check.

271 B. In addition to all applicants for new credentials, state appraiser regulatory  
272 agencies are strongly encouraged to perform background checks on existing  
273 credential holders as well.

274 C. State appraiser regulatory agencies must ensure that all candidates for a real  
275 property appraiser credential do not possess a background that could call into  
276 question public trust. State appraiser regulatory agencies must take proper steps  
277 to ensure those applicants found to possess a background which calls into  
278 question the applicant's ability to maintain public trust are not issued a real  
279 property appraiser credential. State appraiser regulatory agencies shall not issue a  
280 real property appraiser credential if:

281 1. The applicant has had an appraiser license or certification revoked in any  
282 governmental jurisdiction within the five (5) year period immediately  
283 preceding the date of application.

284 2. The applicant has been convicted of, or pled guilty or *nolo contendere* to, a  
285 felony in a domestic, or foreign court:

286 i. during the five (5) year period immediately preceding the date of the  
287 application for licensing or certification; or

288 ii. at any time preceding the date of application, if such felony involved an  
289 act of fraud, dishonesty, or a breach of trust, or money laundering.

290 3. The applicant has failed to demonstrate character and general fitness such as  
291 to command the confidence of the community and to warrant a determination  
292 that the appraiser will operate honestly, fairly, and efficiently within the  
293 purposes of this *Criteria*.

294 D. Additional background issues that a state appraiser regulatory agency shall  
295 evaluate and consider prior to issuing (or taking disciplinary action against) a real  
296 property appraiser credential include, but are not limited to:

297 1. Convictions of any criminal offense involving dishonesty, breach of trust, or  
298 money laundering against the individual or organizations controlled by the  
299 individual, or agreements to enter into a pretrial diversion or similar program  
300 in connection with the prosecution for such offense(s);

- 301  
302  
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304
2. Civil judicial actions against the individual in connection with financial services-related activities, dismissals with settlements, or judicial findings that the individual violated financial services-related statutes or regulations, except for actions dismissed without a settlement agreement;
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306
3. Actions or orders by a State or Federal regulatory agency or foreign financial regulatory authority that:
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308  
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311
- i. Found the individual to have made a false statement or omission or been dishonest, unfair or unethical; to have been involved in a violation of a financial services-related regulation or statute; or to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked, or restricted;
- 312  
313
- ii. Are entered against the individual in connection with a financial services-related activity;
- 314  
315  
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317
- iii. Denied, suspended, or revoked the individual's registration or license to engage in a financial services-related activity; disciplined the individual or otherwise by order prevented the individual from associating with a financial services-related business or restricted the individual activities; or
- 318  
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320
- iv. Barred the individual from association with an entity or its officers regulated by the agency or authority or from engaging in a financial services-related business;
- 321  
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4. Final orders issued by a State or Federal regulatory agency or foreign financial regulatory authority based on violations of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct;
- 324  
325
5. Revocation or suspension of the individual's authorization to act as an attorney, accountant, or State or Federal contractor; and
- 326  
327  
328
6. Customer-initiated financial services-related arbitration or civil action against the individual that required action, including settlements, or which resulted in a judgment.

#### **Section 4: Proposed Revisions Pertaining to College Degrees in Real Estate**

##### **RATIONALE**

As noted in the prior exposure drafts, the AQB believes holders of degrees in real estate or related study have invested significant post-secondary time and effort becoming educated in the topics contained in the Required Core Curriculum and appraisal subject matter electives in GN-1 of the *Criteria*. Requiring such degree holders to also successfully complete the entire qualifying education curriculum in the *Criteria* may be redundant and counter-productive.

The intent of this change is to allow graduates with Bachelor's, Master's or Doctoral degrees in Real Estate from approved accredited colleges or Universities to have their degree satisfy applicable portions of the qualifying education requirements for the various credentials.

Comments received in response to the first four exposure drafts have been positive and no additional changes are proposed in this exposure draft.

CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

329 E. Criteria Specific to Qualifying Education

330 1. Class hours will be credited only for educational offerings with content that  
331 follows the Required Core Curriculum ~~in the Appendix~~ for each respective  
332 credential. Course content requirements may be general or specific to property  
333 types. The Required Core Curriculum is to be followed by major headings with  
334 the classroom hours for each. Guide Notes 1 (GN-1) contains guidance for  
335 curriculum contents with subtopics listed under each major module listed ~~in the~~  
336 ~~Appendix~~. Guide Notes 1 (GN-1) with subtopics will be used for developing  
337 examination content outlines for each applicable credential level and may also be  
338 amended from time to time to reflect changes in technology or in the Body of  
339 Knowledge. Guide Notes 1 (GN-1) ~~are~~ is not mandatory for meeting the  
340 Required Core Curriculum ~~in the Appendix~~.

341 2. Credit toward qualifying education requirements may also be obtained via the  
342 completion of a degree in Real Estate from an accredited degree-granting college  
343 or University approved by the Association to Advance Collegiate Schools of  
344 Business, or a regional or national accreditation agency recognized by the U.S.  
345 Secretary of Education, **provided that the college or university has had its**  
346 **curriculum reviewed and approved by the AQB.**

347 The AQB may maintain a list of approved college or University degree programs,  
348 including the Required Core Curriculum and Appraisal Subject Matter Elective  
349 hours satisfied by the award of the degree. Candidates for the Trainee, Licensed,  
350 Certified Residential or Certified General credential who are awarded degrees  
351 from approved institutions are required to complete all additional education  
352 required for the credential, in which the approved degree is judged to be deficient  
353 by the AQB.

354 23. Class hours may be obtained only where:  
355 i. the minimum length of the educational offering is at least 15 hours; and  
356 ii. the individual successfully completes an approved closed-book examination  
357 pertinent to that educational offering.

358 34. Where the qualifying education course includes multiple modules as listed in the  
359 Required Core Curriculum, there must be appropriate testing of each module  
360 included in a course.

361 45. Courses taken to satisfy the qualifying education requirements must not be  
362 repetitive. USPAP Courses taken in different years are not repetitive. Courses  
363 shall foster problem-solving skills in the education process by utilizing case  
364 studies as a major teaching method when applicable.

365 56. Applicants must take the 15-Hour National USPAP Course, or its AQB-approved  
366 equivalent, and pass the associated 15-Hour National USPAP Course  
367 Examination. At least one of the course instructors must be an AQB Certified

368 USPAP Instructor who is also a state certified appraiser in good standing.  
369 Equivalency shall be determined through the AQB Course Approval Program or  
370 by an alternate method established by the AQB. USPAP education presented in a  
371 distance education format must be designed to foster appropriate student-to-  
372 student, student\_to\_instructor, and student\_to\_material interaction.

373 67. In addition to the generic requirements described in III.D, distance education  
374 courses intended for use as qualifying education must include a written  
375 examination proctored by an official approved by the college or university, or by  
376 the sponsoring organization. The testing must be in compliance with the  
377 examination requirements of this section.

## Section 5: Proposed Revision to 7-Hour *National USPAP Update Course* Eligibility

### RATIONALE

The current *Criteria* require that the *7-hour National USPAP Update Course*, or its AQB-approved equivalent, be taken every two years to maintain a credential. The appraiser may take the *7-hour National USPAP Update Course*, or its AQB-approved equivalent, at anytime during that two-year period.

The first two exposure drafts proposed a new requirement that all credentialed appraisers take the *7-hour National USPAP Update Course*, or its AQB-approved equivalent, within six months of its effective date. The thought was that by adding this requirement, appraisers would be formally educated on all applicable changes to USPAP, and be able to incorporate them into their work product in a timely manner.

Comments in response to the first two exposure drafts followed three general lines of reasoning:

1. Appraisers are required to be aware of changes to USPAP immediately upon its effective date; thus, when completing an appraisal on January 2, an appraiser is required to comply with standards that went into effect on January 1, whether or not they have taken the 7-hour update.
2. Course providers and state appraiser regulatory officials expressed concern over the process of obtaining appraiser regulatory agency approval in all 55 jurisdictions of newly-written USPAP update courses in a timely manner, and then running thousands of credential holders through the course in a six (or nine) month period.
3. Finally, several jurisdictions indicated that despite their support for the concept of early course attendance, given the varying renewal dates for credential holders, enforcing the new requirement could create significant financial burdens on state appraiser regulatory agency resources.

Thus, in the Third Exposure Draft the AQB opted not to move forward with the proposal to require the *7-hour National USPAP Update Course* attendance within six months after the effective date. The AQB supports the concept that credential holders should educate themselves appropriately on USPAP changes as soon as possible. Toward this end, The Appraisal Foundation has posted a brief video, summarizing the 2012-13 changes to USPAP, on the Foundation website within its recently-created eLibrary section. While this video does not substitute for the in-depth coverage in the 7-hour update course, it highlights the changes for credential holders, users of appraisals, and the public. It is expected this video will encourage credential holders and users to further educate themselves on the recent changes to USPAP by reviewing the full document text and attending the update course.

## Section 6: Proposed Removal of Segmented Approach to *Criteria* Implementation

### RATIONALE

As stated in the previous exposure drafts, considering other proposed revisions to the *Criteria*, particularly revisions outlined in Section 1 of this exposure draft, it is the opinion of the AQB that the “Segmented” option should be retired. The “Segmented” option was an effort to ease the transition to the 2008 criteria and there are few applicants remaining for which the option is beneficial. Comments received in response to the previous exposure drafts generally supported requiring education *and* experience as prerequisites to the examination, which would render the “Segmented” approach as moot.

NOTE: Because the AQB proposes deleting the *Interpretation* related to the “Firm Date” and “Segmented” scenarios, no edits to the *Criteria* itself are proposed.

## **Section 7: Proposed Restriction on Continuing Education Course Offerings**

### **RATIONALE**

The AQB believes that prohibiting appraisers from completing the same continuing education offerings in the same continuing education cycle will create a greater opportunity to expand their skill and knowledge base. This should result in a greater level of competency and produce a better work product.

The AQB has received few comments pertaining to this proposal since the release of the Fourth Exposure Draft. One regulatory agency expressed the concern that the requirement would create an additional administrative burden. However, the AQB notes that several states have already implemented such a requirement, and it is not thought to be particularly burdensome. Most of the comments received to date have expressed support for the proposal.

There is no change in this proposal from the earlier exposure drafts.

CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

378 F. Criteria Specific to Continuing Education

379 1. The purpose of continuing education is to ensure that appraisers participate in a  
380 program that increases their skill, knowledge, and competency in real property  
381 appraising.

382 Aside from complying with the requirements to complete the 7-hour National  
383 USPAP Update Course, or its equivalent, appraisers may not receive credit for  
384 completion of the same continuing education course offering within an appraiser's  
385 continuing education cycle.

## Section 8: Proposed Revisions to Distance Education Requirements

### RATIONALE

As noted in the first four exposure drafts, the current *Criteria* require a written examination be successfully completed by a student at the completion of a qualifying education course delivered via distance education. The written exam must be proctored by an official approved by the college or university, or by the sponsoring organization.

Similarly, a proctored, written examination may be utilized at the end of a continuing education course delivered via distance education as the mechanism by which students demonstrate mastery of the material (or by which a student may seek additional credit for time spent taking the examination).

The AQB recognizes that the term “written” may be viewed as limiting education providers and students to a pencil and paper administration of the course exam. Therefore, in recognition of the proliferation of electronic testing centers and in contemplation of other innovative delivery systems, the term “written” is expanded to include such electronic systems.

A proctor still must be present at the exam location (an examination may not be administered such that the student is remote from the proctor). Finally, other than a necessary accommodation under the Americans with Disabilities Act (ADA), an oral examination may not be administered.

Comments received in response to the first four exposure drafts support the recommended revision to this section as a logical transition to the digital age. In that there were no suggestions for changing this section, it remains as it has been throughout the exposure process.

NOTE: For ease of reading, proposed revisions from Section 2 of this exposure draft have been included here in Section 8 *without* strikethrough or underscore text (e.g., in their proposed final form).

CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

386 E. Criteria Specific to Qualifying Education

387 7. In addition to the generic requirements described in III.D, distance education  
388 courses intended for use as qualifying education must include a written  
389 examination (proctored by an official approved by the college or university, or by  
390 the sponsoring organization). The term “written” as used herein refers to an exam  
391 that might be written on paper, or administered electronically on a computer  
392 workstation or other device. Oral exams are not acceptable. The testing must be  
393 in compliance with the examination requirements of this section.

394 F. Criteria Specific to Continuing Education

395 6. In addition to the generic requirements described in III.D, distance education  
396 courses intended for use as continuing education must include at least one of the  
397 following:

398 i. A written examination proctored by an official approved by the college or  
399 university, or by the sponsoring organization. The term “written” as used  
400 herein refers to an exam that might be written on paper, or administered  
401 electronically on a computer workstation or other device. Oral exams are not  
402 acceptable; or

403 ii. Successful completion of prescribed course mechanisms required to  
404 demonstrate knowledge of the subject matter.

## Section 9: Proposed Revisions to Trainee Appraiser Qualifications

### RATIONALE

Under the existing *Real Property Appraiser Qualification Criteria*, credentialing jurisdictions are required to implement requirements for the Certified General and Certified Residential real property appraiser classifications that are no less stringent than those issued by the AQB.

Until recently, the AQB criteria for the Trainee Appraiser and Licensed Residential Appraiser classifications were only voluntary. As a result, the criteria established for Trainee Appraisers, or other similar type classifications (e.g. Apprentice, Registered, Provisional, etc.) could be established independently by the individual credentialing jurisdictions.

Although many credentialing jurisdictions did meet or exceed the voluntary criteria issued by the AQB for Trainee Appraisers, some implemented requirements that were below the criteria established by the AQB. With the recent enactment of the Dodd-Frank Reform Act, Title XI of FIRREA (Section 1116) has been amended to state:

*Any requirements established for individuals in the position of 'Trainee Appraiser' and 'Supervisory Appraiser' shall meet or exceed the minimum qualification requirements of the Appraiser Qualifications Board of The Appraisal Foundation.*

As a result, the following pages include the AQB's proposed minimum criteria for Trainee Appraisers, or other similar type classifications (e.g. Apprentice, Registered, Provisional, etc.) that a jurisdiction must require.

At the conclusion of the Fourth Exposure Draft written comment period, as well as public comments made at both the AQB public meetings in Tampa, Florida, Salt Lake City, Utah and Washington, DC, the majority of responses were in support of the proposed changes to the criteria for Trainee Appraisers.

However, there were a few questions pertaining to the timing of when the Trainee Appraiser must complete the requisite Trainee Appraiser/Supervisory Appraiser course and whether the course qualifies as part of the 75 hours of qualifying education. It is the intent of the AQB to have the Trainee Appraiser complete the requisite course prior to obtaining a Trainee (or equivalent) credential from the individual credentialing jurisdiction. Further, the Trainee Appraiser course is not intended to qualify as part of the 75 hours of qualifying education.

The Fifth Exposure Draft contains a few proposed revisions from the Fourth Exposure Draft clarifying these issues.

NOTE: The revisions to Title XI do not require a jurisdiction to offer a Trainee Appraiser credential. However, if a jurisdiction does offer one, it must meet, at a minimum, the requirements as proposed on the following pages.

## REAL PROPERTY APPRAISER TRAINEE CLASSIFICATION

Please consult the **CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS** for additional requirements.

405 I. General

406 A. The Trainee Appraiser classification is intended to incorporate any documented  
407 non-certified/non-licensed real property appraisers which are subject to the *Real*  
408 *Property Appraiser Qualification Criteria*. Recognizing that individual  
409 credentialing jurisdictions may use different terminologies, “Trainees” include,  
410 but are not limited to: registered appraisers, apprentice appraisers, provisional  
411 appraisers, or other similar designations created by state appraiser regulatory  
412 agencies.

413 ~~AB.~~ The scope of practice for the ~~Appraiser~~ Trainee Appraiser ~~Classification~~ is the  
414 appraisal of those properties which the ~~supervising Certified~~ state-certified  
415 Supervisory ~~a~~Appraiser is permitted by his/her current credential and that the  
416 ~~supervising Supervisory a~~Appraiser is competent to appraise.

417 ~~BC.~~ The ~~Appraiser~~ Trainee Appraiser, as well as the Supervisory Appraiser, shall be  
418 entitled to obtain copies of appraisal reports ~~he/she prepared. The supervising~~  
419 ~~appraiser shall keep copies of appraisal reports for a period of five years, or at~~  
420 ~~least two years after final disposition of any judicial proceedings in which the~~  
421 ~~appraiser provided testimony related to the assignment, whichever period expires~~  
422 last and/or permitted appropriate access and retrieval arrangements for all  
423 workfiles for appraisals in which he or she participated, in accordance with the  
424 RECORD KEEPING RULE of USPAP.

425 ~~CD.~~ All ~~Appraiser~~ Trainee Appraisers must comply with the COMPETENCY RULE  
426 of USPAP for all assignments.

427 II. Examination: There is no examination requirement for the ~~Appraiser~~ Trainee Appraiser  
428 ~~Classification~~, but the ~~trainee~~ Trainee Appraiser shall pass the appropriate end-of-course  
429 examinations in all of the prerequisite courses in order to earn credit for ~~core education~~  
430 those courses.

431 III. Qualifying Education

432 A. As the prerequisite for application, an applicant must have completed 75  
433 creditable hours of qualifying education as specified in the ~~Required Core~~  
434 Curriculum ~~Appendix~~. Additionally, applicants must pass the ~~Core Curriculum~~  
435 course examinations and pass the *15-Hour National USPAP Course (or its AQB-*  
436 *approved equivalent)* and examination as part of the 75 creditable ~~class~~ hours. All  
437 qualifying education must be completed within the five (5) year period prior to  
438 the date of submission of a Trainee application.

- 439 B. Appraisers holding a valid Licensed Residential Real Property Appraiser  
440 credential satisfy the educational requirements for the Trainee Appraiser  
441 credential.
- 442 C. Appraisers holding a valid Certified Residential Real Property Appraiser  
443 credential satisfy the educational requirements for the Trainee Appraiser  
444 credential.
- 445 D. Appraisers holding a valid Certified General Real Property Appraiser credential  
446 satisfy the educational requirements for the Trainee Appraiser credential.
- 447 IV. Experience: No experience is required as a prerequisite for the ~~Appraiser~~ Trainee  
448 Appraiser ~~C~~classification.
- 449 V. Training
- 450 A. The ~~Appraiser~~ Trainee Appraiser shall be subject to direct control and supervision  
451 by a ~~supervising appraiser~~ Supervisory Appraiser in good standing, who shall be  
452 state-certified. A Trainee Appraiser is permitted to have more than one  
453 Supervisory Appraiser.
- 454 B. The ~~supervising appraiser~~ Supervisory Appraiser shall be responsible for the  
455 training, guidance, and direct control and supervision of the ~~Appraiser~~ Trainee  
456 Appraiser by:
- 457 1. Accepting responsibility for the appraisal ~~report~~ by signing and certifying the  
458 report appraisal complies with USPAP;
- 459 2. Reviewing and signing the ~~Appraiser~~ Trainee Appraiser appraisal report(s);  
460 and
- 461 3. Personally inspecting each appraised property with the ~~Appraiser~~ Trainee  
462 Appraiser until the ~~supervising appraiser~~ Supervisory Appraiser determines  
463 the ~~Appraiser~~ Trainee Appraiser is competent to inspect the property, in  
464 accordance with the COMPETENCY RULE of USPAP for the property type.
- 465 C. The ~~Appraiser~~ Trainee Appraiser is permitted to have more than one ~~supervising~~  
466 ~~appraiser~~ Supervisory Appraiser, but a ~~supervising appraiser~~ Supervisory  
467 Appraiser may not supervise more than three ~~Trainees~~ Appraisers, at one time,  
468 unless a state program in the licensing jurisdiction provides for progress  
469 monitoring, supervising certified appraiser qualifications, and supervision and  
470 oversight requirements for ~~supervising appraisers~~ Supervisory Appraisers.
- 471 D. An appraisal experience log shall be maintained jointly by the Supervisory  
472 Appraiser and the Appraiser Trainee Appraiser. It is the responsibility of both the  
473 Supervisory Appraiser and Trainee Appraiser to ensure the appraisal experience  
474 log is accurate, current and complies with the requirements of the Trainee's  
475 credentialing jurisdiction. At a minimum, the appraisal log requirements are:

- 476 1. Type of property;
- 477 2. Date of report;
- 478 3. Address of appraised property;
- 479 4. Description of work performed by the ~~Trainee Appraiser~~ and scope of the
- 480 review and supervision of the ~~supervising appraiser~~ Supervisory Appraiser;
- 481 5. Number of actual work hours by the ~~Trainee Appraiser~~ on the assignment;
- 482 and
- 483 6. The signature and state certification number of the ~~supervising appraiser~~
- 484 Supervisory Appraiser. Separate appraisal logs shall be maintained for each
- 485 ~~supervising appraiser~~ Supervisory Appraiser, if applicable.
- 486 E. The ~~supervising certified appraiser~~ state-certified Supervisory Appraiser shall be
- 487 in good standing in the training jurisdiction and not subject to any disciplinary
- 488 action within the last ~~two~~ three (3) years that affects the ~~supervisor's~~ Supervisory
- 489 Appraiser's legal eligibility to engage in appraisal practice.
- 490 F. Trainee Appraisers shall be required to complete a course that, at minimum,
- 491 complies with the specifications for course content established by the AQB,
- 492 which is specifically oriented to the requirements and responsibilities of
- 493 Supervisory Appraisers and Trainee Appraisers. The course must be completed
- 494 by the Trainee Appraiser prior obtaining a Trainee credential from the individual
- 495 credentialing jurisdiction. Further, the Trainee Appraiser course is not eligible
- 496 towards the 75 hours of qualifying education required.

## Section 10: Proposed Supervisory Appraiser Requirements

### RATIONALE

Under the existing *Real Property Appraiser Qualification Criteria*, credentialing jurisdictions are required to implement requirements for the Certified General and Certified Residential real property appraiser classifications that are no less stringent than those issued by the AQB.

Until recently, the AQB criteria for Supervisory Appraisers (which was contained as part of the Trainee Appraiser requirements), Trainee Appraisers, and Licensed Residential Appraiser classifications were only voluntary. As a result, the criteria for Supervisory Appraisers could be established independently by the individual credentialing jurisdictions.

Although many credentialing jurisdictions did meet or exceed the voluntary criteria issued by the AQB for Supervisory Appraisers, some implemented requirements that were below the criteria established by the AQB. With the recent enactment of the Dodd-Frank Reform Act, Title XI of FIRREA (Section 1116) has been amended to state:

*Any requirements established for individuals in the position of ‘Trainee Appraiser’ and ‘Supervisory Appraiser’ shall meet or exceed the minimum qualification requirements of the Appraiser Qualifications Board of The Appraisal Foundation.*

As a result, the following pages include the AQB’s proposed minimum criteria for Supervisory Appraisers that a jurisdiction must require.

At the conclusion of the Fourth Exposure Draft written comment period, as well as public comments made at both the AQB public meetings in Tampa, Florida, Salt Lake City, Utah and Washington, D.C., the majority of responses were in support of the proposed changes to the criteria for Supervisory Appraisers.

However, there were a few comments regarding questions pertaining what disciplinary action would prohibit an appraiser from becoming or continuing as a Supervisory Appraiser. As specified in Section I. B.,

*“Supervisory Appraisers shall not have been subject to any disciplinary action within any jurisdiction within the last three (3) years that affects the Supervisory Appraiser’s legal eligibility to engage in appraisal practice.”*

According to the statement above, any Supervisory Appraiser being subject to a disciplinary action which prohibits, restricts or limits the Supervisory Appraiser’s legal eligibility to engage in any type of appraisal practice (including any potential “downgrade” of the credential which the Supervisory Appraiser holds) would be prohibited from acting as a Supervisory Appraiser for a at least three (3) years *after* the termination or completion of the disciplinary action sanction. However, any disciplinary action which does not limit, restrict or prohibit the Supervisory Appraiser from legally engaging in any type of appraisal practice would not prohibit the individual from acting as a Supervisory Appraiser.

The Fifth Exposure Draft contains a few proposed revisions from the Fourth Exposure Draft clarifying these issues.

NOTE: The minimum requirements for Supervisory Appraisers that appear on the following pages apply to those individuals acting as Supervisory Appraisers for Trainee Appraisers. The requirements do not apply to those individuals who may be acting as “supervisory appraisers” for individuals possessing other real property appraiser credentials (for example, a Certified General appraiser acting as a “supervisory appraiser” over a Certified Residential appraiser).

## SUPERVISORY APPRAISER REQUIREMENTS

497 Supervisory Appraisers provide a critical role in the mentoring, training and development of  
498 future valuation professionals. It is inherently important to strike a proper balance between  
499 enhancing public trust by assuring Supervisory Appraisers are competent and qualified to  
500 supervise Trainee Appraisers without making the criteria too stringent and restrictive as to  
501 discourage or prevent qualified Supervisory Appraisers from actually participating in the training  
502 and supervision of Trainee Appraisers.

### 503 I. General

504 A. ~~The supervising appraiser~~ Supervisory Appraisers shall be responsible for the  
505 training, guidance, and direct supervision of the ~~Appraiser~~ Trainee Appraiser by:

506 1. Accepting responsibility for the appraisal ~~report~~ by signing and certifying the  
507 ~~report~~ appraisal complies with USPAP;

508 2. Reviewing and signing the ~~Appraiser~~ Trainee Appraiser appraisal report(s);  
509 and

510 3. Personally inspecting each appraised property with the ~~Appraiser~~ Trainee  
511 Appraiser until the ~~supervising appraiser~~ Supervisory Appraiser determines  
512 the ~~Appraiser~~ Trainee Appraiser is competent to inspect the property, in  
513 accordance with the COMPETENCY RULE of USPAP for the property type.

514 B. ~~The supervising appraiser~~ Supervisory Appraisers shall be state-certified and in  
515 “good standing” in the ~~training~~ jurisdiction in which the Trainee Appraiser  
516 practices for a period of at least three (3) years. Supervisory Appraisers shall and  
517 not have been subject to any disciplinary action within any jurisdiction within the  
518 last two three (3) years that affects the supervisor’s Supervisory Appraiser’s legal  
519 eligibility to engage in appraisal practice. A Supervisory Appraiser subject to a  
520 disciplinary action would be considered to be in “good standing” three (3) years  
521 after the successful completion/termination of the sanction imposed against the  
522 appraiser.

523 C. Supervisory Appraisers shall have been state-certified for a minimum of three (3)  
524 years prior to being eligible to become a Supervisory Appraiser.

525 D. Supervisory Appraisers must comply with the COMPETENCY RULE of USPAP  
526 for the property type and geographic location the Trainee Appraiser is being  
527 supervised.

528 E. Whereas a Trainee Appraiser is permitted to have more than one Supervisory  
529 Appraiser, Supervisory Appraisers may not supervise more than three (3) Trainee  
530 Appraisers at one time, unless a state program in the credentialing jurisdiction  
531 provides for progress monitoring, supervisory certified appraiser qualifications,  
532 and supervision and oversight requirements for Supervisory Appraisers.

533 F. An appraisal experience log shall be maintained jointly by the Supervisory  
534 Appraiser and the Appraiser Trainee Appraiser ~~and the supervising appraiser~~  
535 jointly. It is the responsibility of both the Supervisory Appraiser and Trainee  
536 Appraiser to ensure the experience log is accurate, current and complies with the  
537 requirements of the Trainee Appraiser's credentialing jurisdiction. At a minimum,  
538 the appraisal log requirements shall include:

- 539 1. Type of property;
- 540 2. Date of report;
- 541 3. Address of appraised property;
- 542 4. Description of work performed by the Trainee Appraiser and the scope of the  
543 review and supervision of the Supervisory Appraiser;
- 544 5. Number of actual work hours by the Trainee Appraiser on the assignment; and
- 545 6. The signature and state certification number of the Supervisory Appraiser.  
546 Separate appraisal logs shall be maintained for each Supervisory Appraiser, if  
547 applicable.

548 G. Supervisory Appraisers shall be required to complete a course that, at a minimum,  
549 complies with the specifications for course content established by the AQB,  
550 which is specifically oriented to the requirements and responsibilities of  
551 Supervisory Appraisers and Trainee Appraisers. The course is to be completed by  
552 the Supervisory Appraiser prior to supervising a Trainee Appraiser.

## Section 11: Proposed Revisions to Guide Note 1 (GN-1)

### RATIONALE

Guide Note 1 (GN-1) has been slightly modified in an attempt to make it easier to understand and more meaningful to users. As a Guide Note, the contents are not “binding” like those contained in the *Criteria*, or in Interpretations of the *Criteria*; rather, it is designed to make the *Criteria* more understandable.

In this Fourth Exposure Draft, two proposed additional subtopics have been added to both residential and commercial course modules: seller concessions and energy efficient items (i.e. “green buildings”). These two new suggested subtopics reflect the intent of the Comment to Standards Rule 1-1(c) in the Uniform Standards of Professional Appraisal Practice, which states:

*This Standards Rule recognizes that the principle of change continues to affect the manner in which appraisers perform appraisal services. Changes and developments in the real estate field have a substantial impact on the appraisal profession. Important changes in the cost and manner of constructing and marketing commercial, industrial, and residential real estate as well as changes in the legal framework in which real property rights and interests are created, conveyed, and mortgaged have resulted in corresponding changes in appraisal theory and practice. Social change has also had an effect on appraisal theory and practice. To keep abreast of these changes and developments, the appraisal profession is constantly reviewing and revising appraisal methods and techniques and devising new methods and techniques to meet new circumstances. For this reason, it is not sufficient for appraisers to simply maintain the skills and the knowledge they possess when they become appraisers. Each appraiser must continuously improve his or her skills to remain proficient in real property appraisal.*

There have been few comments received since the release of the Fourth Exposure Draft, and most of the comments generally support the additional subtopics as an indication that appraisers should continue to increase their skill set as opposed to just maintaining their existing skill level.

## **AQB GUIDE NOTE 1 (G N-1)**

### **AQB GUIDANCE FOR REQUIRED CORE CURRICULUM CONTENT**

553 Guide Note 1 (GN-1) contains guidance for curriculum content with subtopics listed under each  
554 educational module (I through XIV) listed. The subtopics in Guide Note 1 are used in developing  
555 examination content outlines for each respective credential level and may also be amended from  
556 time-to-time to reflect changes in technology or in the Body of Knowledge. The hours shown  
557 for each educational module are the minimums required; students may complete more than the  
558 minimum required for each module.

559 Candidates for a real property appraiser credential should carefully review the educational  
560 modules below, keeping in mind that some modules only apply to certain classifications. For  
561 example, education module IX (*Advanced Residential Applications and Case Studies*) is only  
562 required for Certified Residential classification. Also, education module XIV (*General*  
563 *Appraiser Income Approach*) is required for the Certified General classification but no others.  
564 As a result, candidates should structure their education program giving careful consideration to  
565 the credential being sought.

566 **I. BASIC APPRAISAL PRINCIPLES (required for Trainee, Licensed Residential,**  
567 **Certified Residential, and Certified General Classifications)**  
568 **30 HOURS**

- 569 A. Real Property Concepts and Characteristics  
570 1. Basic Real Property Concepts  
571 2. Real Property Characteristics  
572 3. Legal Description
- 573 B. Legal Considerations  
574 1. Forms of Ownership  
575 2. Public and Private Controls  
576 3. Real Estate Contracts  
577 4. Leases
- 578 C. Influences on Real Estate Values  
579 1. Governmental  
580 2. Economic  
581 3. Social  
582 4. Environmental, Geographic and Physical
- 583 D. Types of Value  
584 1. Market Value  
585 2. Other Value Types
- 586 E. Economic Principles  
587 1. Classic Economic Principles  
588 2. Application and Illustrations of the Economic Principles
- 589 F. Overview of Real Estate Markets and Analysis  
590 1. Market Fundamentals, Characteristics, and Definitions  
591 2. Supply Analysis  
592 3. Demand Analysis  
593 4. Use of Market Analysis

- 594 G. Ethics and How They Apply in Appraisal Theory and Practice
- 595 **II. BASIC APPRAISAL PROCEDURES (required for Trainee, Licensed Residential,**  
596 **Certified Residential, and Certified General Classifications)**  
597 *30 HOURS*
- 598 A. Overview of Approaches to Value
- 599 B. Valuation Procedures
- 600 1. Defining the Problem
- 601 2. Collecting and Selecting Data
- 602 3. Analyzing
- 603 4. Reconciling and Final Value Opinion
- 604 5. Communicating the Appraisal
- 605 C. Property Description
- 606 1. Geographic Characteristics of the Land/Site
- 607 2. Geologic Characteristics of the Land/Site
- 608 3. Location and Neighborhood Characteristics
- 609 4. Land/Site Considerations for Highest and Best Use
- 610 5. Improvements - Architectural Styles and Types of Construction
- 611 6. Special Energy Efficient Characteristics of the Improvements
- 612 D. Residential or General Applications
- 613 **III. THE 15-HOUR NATIONAL USPAP COURSE OR ITS EQUIVALENT (required**  
614 **for Trainee, Licensed Residential, Certified Residential, and Certified General**  
615 **Classifications)**  
616 *15 HOURS*
- 617 **IV. RESIDENTIAL MARKET ANALYSIS AND HIGHEST AND BEST USE (required**  
618 **for Licensed Residential and Certified Residential Classifications)**  
619 *15 HOURS*
- 620 A. Residential Markets and Analysis
- 621 1. Market Fundamentals, Characteristics and Definitions
- 622 2. Supply Analysis
- 623 3. Demand Analysis
- 624 4. Use of Market Analysis
- 625 B. Highest and Best Use
- 626 1. Test Constraints
- 627 2. Application of Highest and Best Use
- 628 3. Special Considerations
- 629 4. Market Analysis
- 630 5. Case Studies
- 631 **V. RESIDENTIAL APPRAISER SITE VALUATION AND COST APPROACH**  
632 **(required for Licensed Residential and Certified Residential Classifications)**  
633 *15 HOURS*
- 634 A. Site Valuation

- 635 1. Methods
- 636 2. Case Studies
- 637 B. Cost Approach
- 638 1. Concepts and Definitions
- 639 2. Replacement/Reproduction Cost New
- 640 3. Accrued Depreciation
- 641 4. Methods of Estimating Accrued Depreciation
- 642 5. Case Studies

643 **VI. RESIDENTIAL SALES COMPARISON AND INCOME APPROACHES (required**  
 644 **for Licensed Residential and Certified Residential Classifications)**  
 645 *30 HOURS*

- 646 A. Valuation Principles & Procedures – Sales Comparison Approach
- 647 B. Valuation Principles & Procedures – Income Approach
- 648 C. Finance and Cash Equivalency
- 649 1. Identification of Seller Concessions and Their Impact on Value
- 650 D. Financial Calculator Introduction
- 651 E. Identification, Derivation and Measurement of Adjustments
- 652 F. Gross Rent Multipliers
- 653 G. Partial Interests
- 654 H. Reconciliation
- 655 I. Case Studies and Applications

656 **VII. RESIDENTIAL REPORT WRITING AND CASE STUDIES (required for Licensed**  
 657 **Residential and Certified Residential Classifications)**  
 658 *15 HOURS*

- 659 A. Writing and Reasoning Skills
- 660 B. Common Writing Problems
- 661 C. Form Reports
- 662 D. Report Options and USPAP Compliance
- 663 E. Case Studies

664 **VIII. STATISTICS, MODELING AND FINANCE (required for Certified Residential**  
 665 **and Certified General Classifications)**  
 666 *15 HOURS*

- 667 A. Statistics
- 668 B. Valuation Models (AVM's and Mass Appraisal)
- 669 C. Real Estate Finance

670 **IX. ADVANCED RESIDENTIAL APPLICATIONS AND CASE STUDIES (required**  
671 **for Certified Residential Classification)**  
672 *15 HOURS*

- 673 A. Complex Property, Ownership and Market Conditions
- 674 B. Deriving and Supporting Adjustments
- 675 C. Residential Market Analysis
- 676 D. Advanced Case Studies
  - 677 1. Seller Concessions
  - 678 2. Special Energy Efficient Items (i.e. "Green Buildings")

679 **X. GENERAL APPRAISER MARKET ANALYSIS AND HIGHEST AND BEST USE**  
680 **(required for Certified General Classification)**  
681 *30 HOURS*

- 682 A. Real Estate Markets and Analysis
  - 683 1. Market Fundamentals, Characteristics and Definitions
  - 684 2. Supply Analysis
  - 685 3. Demand Analysis
  - 686 4. Use of Market Analysis
- 687 B. Highest and Best Use
  - 688 1. Test Constraints
  - 689 2. Application of Highest and Best Use
  - 690 3. Special Considerations
  - 691 4. Market Analysis
  - 692 5. Case Studies

693 **XI. GENERAL APPRAISER SALES COMPARISON APPROACH (required for**  
694 **Certified General Classification)**  
695 *30 HOURS*

- 696 A. Value Principles
- 697 B. Procedures
- 698 C. Identification and Measurement of Adjustments
- 699 D. Reconciliation
- 700 E. Case Studies
  - 701 1. Seller Concessions
  - 702 2. Special Energy Efficient Items (i.e. "Green Buildings")

703 **XII. GENERAL APPRAISER SITE VALUATION AND COST APPROACH (required**  
704 **for Certified General Classification)**  
705 *30 HOURS*

- 706 A. Site Valuation
  - 707 1. Methods
  - 708 2. Case Studies
- 709 B. Cost Approach
  - 710 1. Concepts and Definitions

- 711 2. Replacement/Reproduction Cost New
- 712 3. Accrued Depreciation
- 713 4. Methods of Estimating Accrued Depreciation
- 714 5. Case Studies

715 **XIII. GENERAL APPRAISER INCOME APPROACH (required for Certified General**  
716 **Classification)**

717 *60 HOURS*

- 718 A. Overview
- 719 B. Compound Interest
- 720 C. Lease Analysis
- 721 D. Income Analysis
- 722 E. Vacancy and Collection Loss
- 723 F. Estimating Operating Expenses and Reserves
- 724 G. Reconstructed Income and Expense Statement
- 725 H. Stabilized Net Operating Income Estimate
- 726 I. Direct Capitalization
- 727 J. Discounted Cash Flow
- 728 K. Yield Capitalization
- 729 L. Partial Interests
- 730 M. Case Studies

731 **XIV. GENERAL APPRAISER REPORT WRITING AND CASE STUDIES (required for**  
732 **Certified General Classification)**

733 *30 HOURS*

- 734 A. Writing and Reasoning Skills
- 735 B. Common Writing Problems
- 736 C. Report Options and USPAP Compliance
- 737 D. Case Studies

## Section 12: Proposed Revisions to Illustrative List of Continuing Education Topics

### RATIONALE

Section III.F.3 of the *Criteria* contains a list of topics for which continuing education may qualify. It is important to note that this list is *illustrative, not exhaustive*; in other words, the AQB recognizes that topics other than those listed may be perfectly acceptable and appropriate for continuing education purposes (examples may include any of the subject matter topics listed in Guide Note 1 for qualifying education purposes). This is further underscored by the language preceding the topics listed, which states “including, but not limited to.”

Nevertheless, the AQB has heard some concerns that continuing education is often not as meaningful or beneficial to appraisers as it could be. As previously noted in Section 11 of this exposure draft, the Comment to Standards Rule 1-1(c) in the Uniform Standards of Professional Appraisal Practice states:

*This Standards Rule recognizes that the principle of change continues to affect the manner in which appraisers perform appraisal services. Changes and developments in the real estate field have a substantial impact on the appraisal profession. Important changes in the cost and manner of constructing and marketing commercial, industrial, and residential real estate as well as changes in the legal framework in which real property rights and interests are created, conveyed, and mortgaged have resulted in corresponding changes in appraisal theory and practice. Social change has also had an effect on appraisal theory and practice. To keep abreast of these changes and developments, the appraisal profession is constantly reviewing and revising appraisal methods and techniques and devising new methods and techniques to meet new circumstances. For this reason, it is not sufficient for appraisers to simply maintain the skills and the knowledge they possess when they become appraisers. Each appraiser must continuously improve his or her skills to remain proficient in real property appraisal.*

Additions are also being proposed for Guide Note 1 for *qualifying* education in Section 11. In this section, three proposed additional topics have been added to help stimulate more meaningful *continuing* education.

The three additional topics listed did not receive any negative feedback in the last exposure and remain as in the Fourth Exposure Draft.

CRITERIA APPLICABLE TO ALL APPRAISER CLASSIFICATIONS

738 F. Criteria Specific to Continuing Education

739 3. Credit may be granted for education offerings that are consistent with the purpose  
740 of continuing education and cover those real property related appraisal topics,  
741 including, but not limited to:

742 i. Ad valorem taxation;

743 ii. Arbitration, dispute resolution;

744 iii. Courses related to the practice of real estate appraisal or consulting;

745 iv. Development cost estimating;

746 v. Ethics and standards of professional practice, USPAP;

747 vi. Land use planning, zoning;

748 vii. Management, leasing, timesharing;

749 viii. Property development, partial interests,

750 ix. Real estate law, easements, and legal interests;

751 x. Real estate litigation, damages, condemnation;

752 xi. Real estate financing and investment;

753 xii. Real estate appraisal related computer applications; ~~and/or~~

754 xiii. Real estate securities and syndication;

755 xiv. Developing opinions of real property value in appraisals that also include  
756 personal property and/or business value;

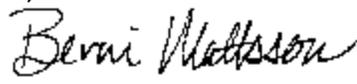
757 xv. Seller concessions and impact on value; and/or

758 xvi. Energy efficient items and “green building” appraisals.

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**State of Wisconsin  
Department of Safety & Professional Services**

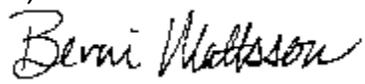
**AGENDA REQUEST FORM**

1) Name and Title of Person Submitting the Request:  Sharon Fiedler		2) Date When Request Submitted:  2/2/12 <small>Items will be considered late if submitted after 4:30 p.m. and less than:</small> <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
3) Name of Board, Committee, Council, Sections: <b>Real Estate Appraisers Board</b>			
4) Meeting Date: 2/22/12	5) Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6) How should the item be titled on the agenda page? <b>Informational item – New AQB criteria</b>	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed:  <p style="margin-left: 40px;">Recent information from AARO about the new AQB criteria, effective 1/1/2015, mandates a firm date for all states. No segmented approach and any appraisers that have not completed the 2008 requirements will not be grandfathered &amp; will need to meet the 2015 requirements.</p> <p style="margin-left: 40px;">Applicants for Cert. General will need to have their application in by 7/31/2012 to gain their 3000 hours experience before 12/31/2014 &amp; Cert. Res. will need to have their app. in by 12/31/2012.</p>			
11) <span style="float: right;">Authorization</span> <div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="width: 60%;">  </div> <div style="width: 35%; text-align: right;">           2/2/12         </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>Signature of person making this request</span> <span>Date</span> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>Supervisor (if required)</span> <span>Date</span> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <span>Bureau Director signature (indicates approval to add post agenda deadline item to agenda)</span> <span>Date</span> </div>			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

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**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

1) Name and Title of Person Submitting the Request:  <b>Berni Mattsson</b>		2) Date When Request Submitted:  <b>2/9/12</b>	
		Items will be considered late if submitted after 4:30 p.m. and less than: ▪ 10 work days before the meeting for Medical Board ▪ 14 work days before the meeting for all others	
3) Name of Board, Committee, Council, Sections: <b>Real Estate Appraisers Board</b>			
4) Meeting Date: <b>2/22/12</b>	5) Attachments: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	6) How should the item be titled on the agenda page? ASC preliminary compliance report and WI response.	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing?  <input type="checkbox"/> Yes by _____ (name)  <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: Attached for the Board's information is ASC correspondence and Wisconsin's response to the preliminary compliance report.			
11) Authorization  <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">  </div> <div style="width: 35%; text-align: right;"> <b>2/9/12</b> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">Signature of person making this request</div> <div style="width: 35%; text-align: right;">Date</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">Supervisor (if required)</div> <div style="width: 35%; text-align: right;">Date</div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 60%;">Bureau Director signature (indicates approval to add post agenda deadline item to agenda)</div> <div style="width: 35%; text-align: right;">Date</div> </div>			
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			

□   □   □   □   □   □

# Appraisal Subcommittee

*Federal Financial Institutions Examination Council*

September 26, 2011

Mr. Dave Ross, Secretary  
Department of Safety and Professional Services  
Division of Professional Credentialing  
1400 East Washington Avenue  
P.O. Box 8935  
Madison, WI 53708-8935

RE: ASC Preliminary Compliance Review of Wisconsin's appraiser regulatory program

Dear Mr. Ross:

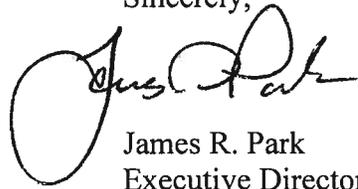
Thank you for your cooperation and your staff's assistance in the August 22-24, 2011 Appraisal Subcommittee (ASC) Compliance Review (Review) of the Wisconsin appraiser regulatory program. Enclosed are the ASC Staff Preliminary Compliance Review Findings. Deficiencies requiring your immediate attention were identified during the Review and closing conference.

In order to conclude our Review and investigation, please provide a written response within 60 days from the date of this letter. Your response should set forth steps taken, or steps you will take, to address each identified area of non-compliance. Your response should also include any additional information you would like the ASC to consider.

After receiving your response, or once the 60-day response period has passed, whichever occurs first, all correspondence and staff recommendations will be forwarded to the ASC for final consideration. You will receive a final ASC Compliance Review Report (Report) with the ASC's findings and required actions. The final Report will be posted to the public section of the ASC website in accordance with the Freedom of Information Act.

Please contact us if you have any questions.

Sincerely,

  
James R. Park  
Executive Director

Enclosure

cc: Mr. Dan Williams, Division Director

### ASC Staff Compliance Review Preliminary Findings

<b>Wisconsin Appraiser Regulatory Program (Program)</b>		<b>ASC Compliance Review Date: August 22-24, 2011</b>		<b>PM: J. Tidwell</b>	
Real Estate Appraisers Board (Board) / Decision Making		Review Period: DATES in November 2009 to August 2011		Report Issue Date: September 26, 2011	
Umbrella Agency: Dept. of Safety and Prof. Services (Department) / Division of Professional Credentialing (Division)		Complaints Outstanding: 65		Complaints Outstanding Including Exemptions >1	
Number of State Credentialed Appraisers on National Registry: 2181		Complaints Exempted: None (Special Documented Circumstances): None		yr: 14	
Complaints Received During Review Period: 276					
Requirement/Guidance	ASC Staff Assessment Compliance (YES/NO) Areas of Concern (AC)	ASC Staff Observations	ASC Staff Comments		
	YES NO AC				
Wisconsin Statutes, Regulations, Policies and Procedures:	X				
Temporary Practice:	X	No compliance issues noted.		None	
National Registry:	X	No compliance issues noted.		None	
Application Process:	X	No compliance issues noted.		None	
Reciprocity:	X	No compliance issues noted.		None	

### ASC Staff Compliance Review Preliminary Findings

<b>Wisconsin Appraiser Regulatory Program (Program)</b>			
Real Estate Appraisers Board (Board) / Decision Making	ASC Compliance Review Date: August 22-24, 2011	PM: J. Tidwell	
Umbrella Agency: Dept. of Safety and Prof. Services (Department) / Division of Professional Credentialing (Division)	Review Period: DATES in November 2009 to August 2011	Report Issue Date: September 26, 2011	
Number of State Credentialed Appraisers on National Registry: 2181	Complaints Outstanding: 65		
Complaints Received During Review Period: 276	Complaints Exempted: None (Special Documented Circumstances): None	Complaints Outstanding Including Exemptions >1 Yr: 14	
<b>Requirement/Guidance</b>	<b>ASC Staff Assessment</b> Compliance (YES/NO) Areas of Concern (AC)	<b>ASC Staff Observations</b>	<b>ASC Staff Comments</b>
	YES NO AC		
<b>Education:</b>	X	No compliance issues noted.	None
<b>Enforcement:</b>	X	Wisconsin had 65 outstanding complaints of which 14 were unresolved for more than one year. There were no cases that fell under the exception for special documented circumstances. Therefore, of the 65 outstanding complaints, 14 (22%) were not resolved in accordance with ASC Policy Statement 10E. Of those 14 cases, all were investigated and in the Attorney General's office in various stages of the disciplinary process.	Wisconsin reduced their backlog of cases open over one year from 32 to 14. They also reduced the number of pending complaints from 133 to 65. Board staff attribute the reduction to the hiring of a temporary staff reviewer/complaint analyzer and they hope to be able to retain the position permanently. To achieve substantial compliance in this area, the Board must resolve all complaints filed against appraisers within one year, except for special documented circumstances.



**STATE OF WISCONSIN**  
Department of Safety and Professional Services  
1400 E Washington Ave.  
Madison WI 53703

**Governor Scott Walker      Secretary Dave Ross**

Mail to:  
PO Box 8935  
Madison WI 53708-8935

Email: [dspd@wisconsin.gov](mailto:dspd@wisconsin.gov)  
Web: <http://dspd.wi.gov>

Voice: 608-266-2112 • FAX: 608-267-0644 • TTY: 608-267-2416

November 22, 2011

JAMES R. PARK, EXECUTIVE DIRECTOR  
APPRAISAL SUBCOMMITTEE  
FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL  
1401 H STREET, NW, SUITE 760  
WASHINGTON, DC 20005

Re: ASC Preliminary Compliance Review of Wisconsin's appraiser regulatory program

Dear Mr. Park:

I am writing in response to your letter dated September 26, 2011, in which you informed the Department and the Real Estate Appraisers Board (Board) of the Appraisal Subcommittee Staff Preliminary Compliance Review Findings based upon the August 22-24, 2011 field review. On behalf of the Department and the Board, I would like to thank Jenny Tidwell and Neal Fenochietti for their assistance during the review.

The Department and the Board have worked hard since the 2009 compliance review to address the concerns raised by the Appraisal Subcommittee at that time and I am happy to see that effort reflected in the preliminary findings that observed no compliance issues in six of the seven areas reviewed.

The one area in which compliance issues were noted was the guidance that "States should resolve all complaints filed against appraisers within one year, except for special documented circumstances." The ASC staff observed that at the time of the review, Wisconsin had 65 outstanding complaints of which 14 were unresolved for more than one year. This was a significant improvement from 32 cases open more than one year at the time of the 2009 review. Wisconsin also reduced the number of pending complaints from 133 to 65. In addition, at the time of the 2011 review, all open cases were less than two years old; at the time of the 2009 review, open cases included cases that had been opened for more than four years.

These improvements were the result of prioritizing appraiser cases and devoting significant legal and investigative resources to appraiser cases, including improving the screening process and

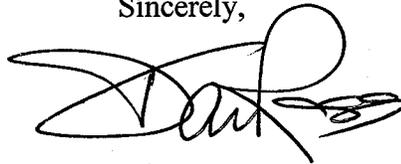
hiring a limited term employment licensed appraiser to screen complaints and perform reviews in compliance with USPAP. Of the 14 cases that were unresolved for more than one year at the time of the review, four are on the agenda to be closed at the Board's next meeting on December 13, 2011. We continue to actively pursue resolution of the remaining cases that have been open more than one year. I am confident that our continued prioritization of open complaints against appraisers will further reduce the backlog of cases open for more than one year to bring Wisconsin's appraiser regulatory program into compliance with ASC Policy Statement 10E.

Finally, the Department respectfully points out an error in the final sentence of the "ASC Staff Observations" regarding Enforcement. In Wisconsin, the Attorney General's office is not involved with regulation of appraisers. Instead, of the 14 cases that had been open for investigation for more than one year, all were investigated and with Division of Enforcement staff in various stages of the disciplinary process.

In conclusion, the Department and the Board have made significant improvements in all areas since the last compliance review. Continuing the same approach that has resulted in these improvements should bring Wisconsin's enforcement program into full compliance in the near future.

If you have any questions, please contact me at (608) 266-1352 or the Executive Director for the Real Estate Appraisers Board, Berni Mattson, at 608-266-8741.

Sincerely,

A handwritten signature in black ink, appearing to read "Dave Ross", with a large, stylized flourish extending from the end of the signature.

Dave Ross  
Secretary

cc: Jenny Tidwell  
Policy Manager

**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

<b>1) Name and Title of Person Submitting the Request:</b>  Pete McCombs		<b>2) Date When Request Submitted:</b>  10/28/2011 <small>Items will be considered late if submitted after 4:30 p.m. and less than:</small> <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
<b>3) Name of Board, Committee, Council, Sections:</b> Real Estate Appraiser Board			
<b>4) Meeting Date:</b> 11/9/2011	<b>5) Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>6) How should the item be titled on the agenda page?</b> Discretionary Disciplinary Action Matrix	
<b>7) Place Item in:</b> <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	<b>8) Is an appearance before the Board being scheduled? If yes, who is appearing?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>9) Name of Case Advisor(s), if required:</b> Sharon Fiedler	
<b>10) Describe the issue and action that should be addressed:</b> Per Board request, this is to remain a standing Board agenda item until the Board determines otherwise			
<b>11) Authorization</b>			
Signature of person making this request 		Date 10/28/2011	
Supervisor (if required)		Date	
Bureau Director signature (indicates approval to add post agenda deadline item to agenda) Date			
<b>Directions for including supporting documents:</b> 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			



**THE APPRAISAL FOUNDATION**  
*Authorized by Congress as the Source of Appraisal  
Standards and Appraiser Qualifications*

## ***Voluntary Disciplinary Action Matrix***

**August 26, 2010**

***\*\*This is voluntary guidance intended to assist state appraiser regulatory agencies in enforcement cases.\*\****

### **Developed by the Consistent Enforcement Task Force of The Appraisal Foundation Board of Trustees**

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**The Appraisal Foundation**

**1155 15<sup>th</sup> Street NW ★ Suite 1111 ★ Washington, DC 20005 ★ [www.appraisalfoundation.org](http://www.appraisalfoundation.org)**

## PURPOSE AND NATURE OF SANCTIONS

The purpose of appraiser discipline is to protect the public from appraisers who have not or will not ethically and competently perform their duties to their clients. The ultimate disposition of appraiser discipline should be public in cases of revocation, suspension and reprimand. Only in cases of minor misconduct should private discipline be imposed.

## SANCTIONS

### Revocation

Revocation terminates a person's status as a credentialed appraiser. Generally considered permanent, some states and jurisdictions may allow individuals with revoked credentials to reapply at some point in the future.

### Suspension

The temporary removal of an appraiser's credential for a specified period of time.

- Short suspension: up to two months
- Medium suspension: up to one year
- Significant suspension: more than one year

### Formal Reprimand or Censure

A form of public discipline which declares the conduct of the appraiser improper, but does not limit the appraiser's right to work.

### Letter of Warning

Also called an admonition or a private reprimand. It is a form of non-public discipline which informs the appraiser that the conduct was improper, not warranted or otherwise unacceptable. It does not limit the appraiser's right to work.

### **Fines; Assessment of costs; Restitution**

Some states may allow fines or assessment of costs to be imposed as a form of sanction. Generally the fines/costs are sent to the state. Restitution is typically provided to the harmed party or parties.

- Fine: A sum of money required to be paid as a penalty for a violation.  
Small, Moderate and Large
- Costs of enforcement activities.
- Restitution is payment to those harmed by the appraiser's actions

### **Corrective or remedial education**

Education aimed to correct or improve deficient skills in a specific area.

### **Probation**

A period of time during which the appraiser and/or the appraiser's work may be more closely scrutinized.

- short probation: up to six months
- medium probation: up to one year
- significant probation: more than one year

### **Monitoring**

A period of time in which an appraiser's work is subject to additional review by the State Appraiser Regulatory Agency.

### **Restriction on scope of practice**

A period of time in which an appraiser is prohibited from performing certain types of appraisal assignments. The discipline could also include a restriction on supervising other appraisers.

### **Levels of Sanctions**

LEVEL	VIOLATION	SANCTION
I	Minor violations that do not involve the Ethics Rule or Competency Rule.	Letter of warning or equivalent; censure; corrective education (CE or QE); small fine; or any combination of above.
II	Technical errors or carelessness where appraiser would benefit from education and that do not involve the Ethics Rule or Competency Rule.	Formal Reprimand or equivalent; corrective education (CE or QE that cannot be used for CE for renewal); short probation; monitoring; small to moderate fine; or any combination of above.
III	Minor violations of the Ethics Rule and/or Competency Rule. Other violations that rise to the level of affecting the creditability of an assignment.	Formal Reprimand or equivalent; corrective education (QE that cannot be used for CE for renewal); short suspension; medium probation; monitoring; restriction on scope of practice, area of practice or ability to supervise; moderate fine; payment of restitution and/or costs; or any combination of above.
IV	Significant violations, including violations of the Ethics Rule and/or Competency Rule.	Formal Reprimand or equivalent; significant amount of corrective education (QE that cannot be used for CE for renewal); significant suspension; significant probation; monitoring; restriction on scope of practice, area of practice or ability to supervise; large fine; down grade of credential; successful completion of national exam; payment of restitution and/or costs; or any combination of above.
V	Significant Ethics Rule and/or Competency Rule violations or willful violations.	Revocation or Voluntary Surrender in lieu of disciplinary action with or without large fine, payment of restitution and/or costs.

NOTES:

- This chart is intended to be used in conjunction with the attached *Aggravating and Mitigating Circumstances*.
- The potential Sanction in the chart is an average sanction where *aggravating and mitigating circumstances balance each other*.
- Where *aggravating circumstances outweigh mitigating circumstances, the level of sanction will increase, and vice versa*.

## AGGRAVATING AND MITIGATING CIRCUMSTANCES

### AGGRAVATING CIRCUMSTANCES

An aggravating circumstance is any factual information or evidence regarding the appraiser or the violation that might result in an increased sanction. Aggravating circumstances include:

- Prior disciplinary history
- Number of appraisals involved in the case
- Number of total violations involved in the case
- Pattern of similar violations
- Significant financial harm to a lending institution, a consumer or others
- Refusal to reissue a corrected appraisal report when warranted
- Evidence that the violation was willful or intentional
- Evidence that the violation was grossly negligent
- Failure to exercise due diligence in the supervision of others
- Refusal to acknowledge violation
- Lack of cooperation with investigation
- Submission of false statements or evidence, or other deceptive practices (e.g., creating or adding to work file after complaint filed)
- Intimidation of or threats to witnesses or others involved with the investigation

### MITIGATING CIRCUMSTANCES

A mitigating circumstance is any information or evidence regarding the appraiser or the violation that might result in a decreased sanction. Mitigating circumstances include:

- Length of time since the date of violation
- No prior disciplinary history
- No other complaints currently pending against licensee
- No pattern of similar offenses
- No evidence that the violation was willful or intentional
- No evidence that the violation was grossly negligent
- License level at the time of violation
- Licensee was under the supervision of another appraiser at the time (e.g., trainees)
- Additional education taken and/or experience gained after violation occurred
- Cooperation with investigation
- Little or no financial harm to consumer or others

- Timely mitigation of financial loss
- Reissuance of a corrected appraisal report before the complaint was filed
- Understanding and acknowledgement of violation
- Personal problems such as physical, mental or emotional problems at the time of the violation that have since been addressed

## EXAMPLE OF THE APPLICATION OF LEVELS AND AGGRAVATING AND MITIGATING CIRCUMSTANCES

The following are generic examples of how to apply sanction levels and aggravating and mitigating circumstances.

*When determining an appropriate sanction, the highest level of sanction should be considered unless substantial mitigating circumstances exist.*

### Example 1:

An appraiser accepted an appraisal assignment in an area where he is not geographically competent, failed to notify the client that he was not geographically competent and failed to take the necessary steps to become competent. As a result, he produced an appraisal that was not supported by market data.

With no aggravating or mitigating circumstances, the sanction would be Level III.

### Example 1A:

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. The appraisal was done 3 years ago and the appraiser now has achieved competency in that market and others.
- b. The appraiser has no prior disciplinary history.
- c. The appraiser cooperated with the investigation.
- d. Since the appraisal was completed, the appraiser has taken additional education that will help him avoid this issue in the future.

Based on these circumstances, the sanction would be Level I or Level II.

### Example 1B:

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. The appraiser has been disciplined for similar conduct in the past.
- b. The appraiser had already taken education designed to address this issue before he did the appraisal in question.
- c. As a result of the violation, there was significant financial harm to the lender and the consumer.

Based on these circumstances, the sanction would be Level IV or Level V.

**Example 2:**

An appraiser performs an appraisal where she used inappropriate comparable sales with inadequate and unsupported adjustments, resulting in an inflated opinion of value. This is one of several appraisals she has performed for a lender where all properties were sold by the same investor.

With no aggravating or mitigating circumstances, the sanction would be Level IV.

**Example 2A:**

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. The appraiser was under severe emotional stress at the time the appraisals were performed due to the illness of a child.
- b. The appraiser had been licensed for only 8 months when she did the assignments.

Based on these circumstances, the sanction would be Level II or Level III.

**Example 2B:**

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. There are 10 appraisals involved in this case.
- b. The appraiser altered the engagement letters in her work files before sending them the state regulatory agency by removing the "value needed" from them.
- c. The appraiser did not cooperate with the investigation, refusing to meet with the investigator or to provide more information when requested.

Based on these circumstances, the sanction would be Level V.

**Example 3;**

An appraiser states in his certification on an appraisal that he inspected the interior and exterior of the subject property, when in fact he only drove by the property. As a result, he stated that the subject property was in average condition when it was actually in poor condition and essentially uninhabitable. He did not use any extraordinary assumptions or hypothetical conditions in the assignment. He knew that the lender required an interior inspection.

With no aggravating or mitigating circumstances, the sanction would be Level IV.

**Example 3A:**

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. The appraiser took the 15-hour National USPAP course after the appraisal was done but before the complaint was received.
- b. The appraiser cooperated with investigation and acknowledged his error.
- c. The loan never went through, so there was little or no financial harm to the consumer or others.

Based on these circumstances, the sanction would be Level III.

**Example 3B:**

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. The violation was intentional.
- b. The appraiser has been licensed since 1991.
- c. When confronted with the issue by the lender, the appraiser refused to inspect the subject property and reissue a new appraisal report.

Based on these circumstances, the sanction would be Level V.

**Example 3C:**

Assume in the above scenario that there are **both** the mitigating circumstances in Example 3A and the aggravating circumstances in Example 3B. The sanction, therefore, would be anywhere from Level III to Level V.

Based on these circumstances, it would appear that the aggravating circumstances are more serious and outweigh the mitigating circumstances, thus the sanction would be Level IV or Level V.

**Example 4:**

An appraiser values the subject property at \$120,000. Among the findings:

- The subject had sold one month prior to the effective date of the appraisal for \$80,000, but the appraisal stated that the property had not sold within the past thirty six months.
- The appraisal states that the subject property contains 2400 square feet of gross living area when it actually has only 1200 square feet of finished area and an unfinished, below grade basement.
- The appraiser used comparable sales that contained 2300 – 2800 square feet, which resulted in an inflated appraised value.
- The photographs of the subject property in the appraisal report were of a ranch with a fully finished basement. The appraiser states that his trainee sent the wrong photos with the appraisal.
- Although the trainee did most of the work on the assignment, the appraiser did not mention the trainee's assistance in the report.
- The workfile, which was kept electronically, contained only a copy of the engagement letter and the invoice. The appraiser could not find the appraisal or any of the supporting documentation.

**Discussion:**

In this scenario, there are several violations of the Ethics Rule, such as conduct and record keeping, and violations of Standards 1 and 2. In determining an appropriate sanction, one would start at the lowest level violation (Level II for record keeping) and consider the highest level violation (Level V for preparing a fraudulent appraisal or communicating results in a misleading or fraudulent manner).

**Example 4A:**

Assume in the above scenario that there are no aggravating circumstances and that the following **mitigating** circumstances exist:

- a. There are no other complaints pending or previous disciplinary actions against the appraiser and there is no indication that there has been a pattern of similar offenses.
- b. It appears that the trainee altered the report after the appraiser signed it. It also appears that the trainee deleted the appraisal and supporting documentation for the assignment from the work file.
- c. The appraiser acknowledged that he failed to supervise his trainee.

Based on these circumstances, the sanction would be Level IV or possibly even Level III.

**Example 4B:**

Assume in the above scenario that there are no mitigating circumstances and that the following **aggravating** circumstances exist:

- a. There were several violations in the case.
- b. The loan was made and went into foreclosure. The lender subsequently sold the property for \$65,000.
- c. His failure to supervise his trainee was grossly negligent as he knew his trainee had altered his reports in the past.

Based on these circumstances, the sanction would be Level V.

**Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix**

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
<b>ETHICS RULE</b>					
Failure to perform valuation services ethically while acting as an appraiser.	Ethics Rule	Intentionally preparing a fraudulent appraisal.	Level V		
Misrepresentation of role.	Ethics Rule, Conduct				
	<b>Example #1</b>	Preparing an appraisal while pursuing a listing for the subject property without proper disclosure.	Level III	Level IV	Level V
	<b>Example #2</b>	Testifying as an expert without proper experience.	Level II	Level III	Level IV
	<b>Example #3</b>	Acting as unbiased party when there is an interest in the property.	Level IV	Level V	
<b>Conduct Section</b>					
Being an advocate for the client's interests.	Conduct & Management				
	<b>Example #1</b>	Inflating the value to benefit a client's position in litigation.	Level IV	Level V	
	<b>Example #2</b>	Selecting only comparable sales that support the contract price when there are more appropriate sales available.	Level III	Level IV	Level V
Accepting an appraisal assignment that includes the reporting of predetermined opinions and conclusions.	Conduct	Accepting an assignment when the engagement letter specifies that the value must exceed a certain amount.	Level III	Level IV	Level V
Relying upon any unsupported characteristic of race, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.	Conduct	Assuming that a subdivision where most of the properties are owned by individuals from a certain country will not be desirable to the general market.	Level II	Level III	Level IV
Allowing an employee or other person to communicate a misleading or fraudulent appraisal report.	Conduct	Knowing that an employee will issue an appraisal report with an inflated opinion of value that is based on incorrect square footage for the subject property.	Level IV	Level V	
Communicating assignment results with the intent to mislead or to defraud.	Conduct		Level V		
	<b>Example #1</b>	Using a large portion of another appraiser's report without permission.	Level III	Level IV	Level V
	<b>Example #2</b>	Intentionally leaving out the fact that the subject property is listed for sale and substantially less than the contract amount.	Level IV	Level V	

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Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
			Level IV	Level V	
	<b>Example #3</b>	Intentionally claiming property was inspected under false pretenses.			
	Conduct	Failing to report any gratuity outside of the fee typically charged by the appraiser	Level IV	Level V	
	Conduct	Being convicted of a crime that does not result in incarceration.	Level IV	Level V	
	<b>Example #1</b>	Being convicted of a crime that does result in incarceration.	Level V		
	<b>Example #2</b>	Issuing a report where the intended use of the appraisal assignment is for a foreclosure and the appraiser plans to bid on the property at auction.	Level III	Level IV	Level V
	Conduct	Failing to inform a client prior to accepting an assignment that he appraiser performed an appraisal of the subject property for another client two weeks ago.	Level II	Level III	Level IV
	Conduct				
	Management	Paying a real estate broker \$50 for each appraisal assignment the broker arranges but failing to report that in the report.	Level II	Level IV	Level V
	Management	Advertising the an appraiser, who is also a real estate agent, will include an appraisal at no fee for mortgage lending purposes when a broker fee will be received from closing.	Level IV	Level V	Level V
	<b>Example #1</b>	Advertising that an appraiser's firm guarantees the value or the client will not owe the appraiser a fee.	Level II	Level IV	Level V
	<b>Example #2</b>		Level IV	Level V	
	Management				
	<b>Example #1</b>	Charging a fee based upon a percentage of value conclusion.	Level IV	Level V	
	<b>Example #2</b>	Charging a fee based upon the appraised value.	Level IV	Level V	
	Management	Agreeing that the appraiser will not be paid unless the loan closes (in an appraisal done for refinace) or the property taxes are reduced (in an appraisal done to challenge a reevaluation).	Level II	Level III	Level IV
	Management				
	Management	Accepting an assignment based on the attainment of a stipulated result.			

**Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix**

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
Attaching the signature of another appraiser without that appraiser's consent.	Management	Attaching an appraiser's signature to a report while the appraiser is on vacation without the consent of the appraiser.	Level III	Level IV	
<b>Confidentiality Section</b>					
Violation of Appraiser-Client Confidentiality	Confidentiality				
	<b>Example #1</b>	Revealing the name of a client to a third party when the client had requested the appraiser not disclose the client name or identity.	Level I or II	Level III or IV	Level V
	<b>Example #2</b>	Supplying a copy of an appraisal report to a borrower who was not an intended user when the lender has gone out of business.	Level II	Level III	Level IV
	<b>Example #3</b>	Sending sample appraisal reports to potential clients without that client's permission and without redacting confidential information or assignment results.	Level I	Level II	Level III
<b>Record Keeping Section</b>					
Failure to retain required work files for 5 years commencing on the date signed or 2 years after the final disposition of any litigation the appraisal or report may be involved in.	Record Keeping	Testifying 4 years after the appraisal was signed but destroying the file 5 years after it was signed.	Level III or IIII	Level IV	Level V
Failure to produce workfile when required.	Record Keeping				
	<b>Example #1</b>	Failure to provide the workfile to a state enforcement agency, when requested.	Level III	Level IV	Level V
	<b>Example #2</b>	Failure to provide the workfile to someone who has provided significant professional assistance in the completion of the assignment.	Level III	Level IV	Level V
Failure to maintain necessary data, information, and documentation in the workfile.	Record Keeping				
	<b>Example #1</b>	Keeping only the last revision of an appraisal report and not the original.	Level I	Level II	Level III
	<b>Example #2</b>	Performing an oral appraisal report by testifying in court and then failing to maintain a summary or transcript of the testimony.	Level II	Level III	Level IV
<b>COMPETENCY RULE</b>					
Failure to determine whether the appraiser is competent to perform an assignment prior to accepting the assignment.	Competency				
	<b>Example #1</b>	Accepting an assignment to appraise a golf course without having the requisite competency to do so.	Level III	Level IV	Level V

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
			Level III	Level IV	Level V
	<b>Example #2</b>	Accepting an assignment to appraise a wetlands area for the EPA without the necessary knowledge or understanding of federal laws and regulations applying to restrictions on the uses of wetlands.	Level III	Level IV	Level V
Failure to disclose the lack of knowledge or experience to the client before accepting the assignment.	Competency	Accepting an assignment to appraise a citrus orchard without informing the client that the appraiser has never done anything similar before.	Level III	Level IV	Level V
Failure to take all the steps necessary or appropriate to complete the assignment competently.	Competency				
	<b>Example #1</b>	Accepting an assignment in an unfamiliar market without having access to data sources for comparable sales.	Level II	Level III	Level IV
	<b>Example #2</b>	Accepting an assignment in an unfamiliar market where there are several niche markets that would be unknown to anyone outside the area.	Level II	Level III	Level IV
Failure to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.	Competency	Accepting an assignment in an unfamiliar market and associating with a local appraiser, but failing to explain the process in the report.	Level III	Level IV	Level V
Failing to withdraw from an assignment when it is discovered that the appraiser lacks the required knowledge and experience to complete the assignment competently.	Competency	Accepting an assignment with the understanding that the appraiser would be able to retain experts with knowledge and experience in a specific appraisal methodology needed but not being able to retain such experts and completing the assignment in an incompetent manner as a result.	Level IV	Level V	
<b>SCOPE OF WORK RULE</b>					
Failure to gather and analyze information about assignment elements that are necessary to properly identify the problem to be solved.	Scope of Work				
	<b>Example #1</b>	Appraising a property "subject to plans and specifications" for a property under construction when the client wants it done "as is".	Level II	Level III	Level IV
	<b>Example #2</b>	Accepting an appraisal assignment without first asking about all intended users and then failing to meet conditions imposed by those intended users.	Level II	Level III	Level IV

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
Failure to determine and perform the research and analysis necessary to develop credible assignment results.	Scope of Work				
	<b>Example #1</b>	Using three comparable sales in the sales comparison analysis when the client required four or more.	Level II	Level III	Level IV
	<b>Example #2</b>	Performing a drive by appraisal on an older property that has been abandoned without determining from the client what type of inspection is required for the intended use of the report.	Level II	Level III	Level IV
Allowing assignment conditions to limit the scope of work to such a degree that the assignment results are not credible.	Scope of Work				
	<b>Example #1</b>	Using only properties that sold within 6 months of the effective date of the assignment, per the client's instructions, even though those properties were not comparable to the subject.	Level III	Level IV	Level V
	<b>Example #2</b>	Performing a drive by appraisal on a newly constructed property without the use of an extraordinary assumption or hypothetical condition, per the client's instructions, when an occupancy permit has not been issued.	Level III	Level IV	Level V
Allowing the intended use of an assignment or a client's objectives to cause the assignment results to be biased.	Scope of Work				
	<b>Example #1</b>	Appraising a subject property for tax purposes then appraising it for the same party on the same effective date at three times the value of the tax appraisal for a condemnation case.	Level IV	Level V	
	<b>Example #2</b>	Choosing comparable sales that support the sales contract, and not sales that are most comparable to the subject.	Level IV	Level V	
Failing to disclose sufficient information in the report to allow intended users to understand the scope of work performed.	Scope of Work				
	<b>Example #1</b>	Failing to disclose that a hypothetical condition was used in an appraisal.	Level II	Level III	Level IV
	<b>Example 2</b>	Failing to disclose that the appraiser signing the appraisal did not inspect the subject property but that he relied on an inspection performed by another.	Level III	Level IV	Level V
<b>JURISDICTIONAL EXCEPTION RULE</b>					

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
			Level II	Level III	Level IV
Failure to identify or cite the law or regulation that precludes compliance with USPAP.	Jurisdictional Exception	Appraising a property for a state agency that requires, by law, the appraiser to use a specific form to report the appraisal, but not citing the law that precludes compliance with Standard 2 of USPAP.	Level III	Level IV	Level V
Failure to comply with the law or regulation that precludes compliance with USPAP.	Jurisdictional Exception	Appraising a property for a federal agency that requires, by law, an appraiser to report a value on a specific form, but then sending a letter reporting value instead of the required form.			
<b>STANDARD 1</b>					
Failure to comply with Standards Rule 1-1.	SR 1-1				
Failure to be aware of, understand, and correctly employ recognized methods and techniques necessary to produce credible assignment results.	SR 1-1(a)				
	<b>Example #1</b>	An appraiser failed to utilize the sales comparison approach to value in appraising a single family residence in a neighborhood consisting of recent, proximate, similar comparable sale properties.	Level III or IV	Level V	
	<b>Example #2</b>	An appraiser developed an opinion of market value without analyzing and adjusting for sales concessions that existed in the comparable sales.	Level III or IV	Level V	
Committing a substantial error of omission or commission that significantly affects an appraisal.	SR 1-1(b)				
	<b>Example #1</b>	An appraiser failed to apply any discounting to account for the absorption of vacant space in a retail center which was only 15% occupied, and was not anticipated to reach stabilized occupancy for 4 years.	Level IV	Level V	
	<b>Example #2</b>	An appraiser provided an opinion of the leasehold interest in a property, when the bundle of rights being appraised was the leased fee interest.	Level IV	Level V	
	<b>Example #3</b>	An appraiser miscalculates the square footage of a home, basing the opinion of value on 3,800 square feet when the home only consisted of 1,600 square feet.	Level III or IV	Level V	
Rendering appraisal services in a careless or negligent manner by making a series of errors that, in the aggregate, affect the credibility of the assignment results.	SR 1-1(c)				

**Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix**

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
			Level II or III	Level III or IV	Level V
		An appraiser inaccurately describes the subject property's roof covering, type of windows, insulation, and type of heating. The appraiser also misstates the subject property's year built, type of foundation, and topography.			
Failure to comply with Standards Rule 1-2.	SR 1-2				
<b>Example #1</b>	SR 1-2(b)	An appraiser identifies that the appraisal is being used for mortgage finance purposes, when it is actually being used for a divorce settlement proceeding.	Level III or III	Level III or IV	Level V
<b>Example #2</b>	SR 1-2(g)	An appraiser fails to identify that the appraisal is based on a lot split being considered by the property owner that has not yet occurred.	Level III or IV	Level V	
<b>Example #3</b>	SR 1-2(h)	An appraiser fails to perform the sales comparison approach although it was necessary for credible assignment results.	Level IV	Level V	
Failure to comply with Standards Rule 1-3.	SR 1-3				
<b>Example #1</b>	SR 1-3(a)	An appraiser fails to recognize that the major employer in the region has announced that it will be closing, which has resulted in declining market values for the area.	Level III or IV	Level V	
<b>Example #2</b>	SR 1-3(b)	An appraiser fails to consider the subject property's zoning in developing an opinion of the highest and best use.	Level III or IV	Level V	
Failure to comply with Standards Rule 1-4.	SR 1-4				
<b>Example #1</b>	SR 1-4(b)(i)	An appraiser develops a cost approach but does not develop an opinion of the site value using an appropriate method or technique.	Level II or III	Level III or IV	Level V
<b>Example #2</b>	SR 1-4(e)	In providing an opinion of seven (7) contiguous buildable lots, an appraiser simply adds together the value of the individual parcels to arrive at an overall opinion of value.	Level III or III	Level III or IV	Level V
<b>Example #3</b>	SR 1-4(g)	In performing an appraisal for the purchase of a hotel, an appraiser does not analyze the effect on value of the personal property included in the sale price.	Level III or IV	Level V	
Failure to comply with Standards Rule 1-5.	SR 1-5				
<b>Example #1</b>	SR 1-5(a)	An appraiser fails to analyze the current agreement of sale on the subject property, even though it was available during the normal course of business.	Level II or III	Level III or IV	Level V

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
			Level IV	Level V	
<b>Example #2</b>	SR 1-5(b)	An appraiser fails to analyze the fact that the subject property sold 18 months prior for an amount 30% above its current pending sale price.		Level V	
Failure to comply with Standards Rule 1-6.	SR 1-6				
<b>Example #1</b>	SR 1-6(a)	In the sales comparison approach, an appraiser simply adds the adjusted value of the three comparable sales used and divides by three for an indicated value, even though some sales were far better indicators of value than others.	Level III or IV	Level V	
<b>Example #2</b>	SR 1-6(b)	An appraiser is asked by a builder to perform an appraisal only using the sales comparison approach; however, the home is newly constructed in an area where lot sales are abundant and cost figures are readily available. Because the builder requested only a sales comparison approach, the appraiser gives no consideration to the cost approach in rendering a final opinion of value.	Level III or IV	Level V	
<b>STANDARD 2</b>					
Failure to clearly and accurately set forth the appraisal in a manner that is not misleading.	SR 2-1(a)				
<b>Example #1</b>		Preparing a restricted use report knowing that there are more intended users than just the client.	Level III	Level IV	Level V
Failure to contain sufficient information to enable the intended user(s) of the appraisal to understand the report properly.	SR 2-1(b)				
<b>Example #1</b>		Preparing a cost approach solely at the client's request even though the results were not meaningful. Failing to report that the cost approach was given no weight in the final reconciliation and why.	Level I	Level II	Level III
<b>Example #2</b>		An appraiser submitted a written report identified as a "summary appraisal report." The assignment agreement signed by the client and the appraiser contained a requirement that the appraiser must include a summary of each adjustment, including the paired sales analysis, applied within the sales comparison approach. However, the report contents included only a listing of each of the five adjustments for each sale without summary of analysis or reasoning.	Level I	Level II	Level III

**Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix**

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
Failure to clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting conditions used in the assignment.	SR 2-1(c)				
Failure to prepare a written real property appraisal report under one of the following three options and prominently state which option is used: Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report.	SR 2-2				
<b>Example # 1</b>		An appraiser submitted the results of an appraisal assignment on a form listed as "Multi-Purpose Appraisal Assignment Report". Although the depth of reported information was summarized, there was no identification of the reporting option used.	Level I	Level II	Level III
<b>Example # 2</b>		An appraiser sent a text message to his client notifying him of his final value conclusion. No other information was included.	Level III	Level IV	Level V
In a Self-Contained report, failure to include content consistent with the intended use of the report.	SR 2-2(a)				
In a Self-Contained report, failure to state the identity of the client and any intended users by name or type.	SR 2-2(a)(i)				
<b>Example # 1</b>		An appraiser was engaged by a local attorney to complete an appraisal assignment for use in litigation. The appraiser submitted a report, labeled as self-contained, to the Judge and identified "Court" as the client and named no intended users.	Level II	Level III	Level IV
In a Self-Contained report, failure to state the intended use of the report.	SR 2-2(e)(ii)				
In a Self-Contained report, failure to describe information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment.	SR 2-2(a)(iii)				

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
<b>Example # 1</b>		An appraiser was engaged to develop an opinion of market value for a property that included a building that had been partially destroyed by a recent fire. The engagement agreement requested a self-contained report that would be used for insurance settlement purposes. The insurance company requested that the appraiser describe the "as is" condition of the building interior. The appraiser delivered a report containing only a statement that the building interior exhibited significant damage.	Level I	Level II	Level III
In a Self-Contained report, failure to state the real property interest appraised.	SR 2-2(a)(iv)				
In a Self-Contained report, failure to state the type and definition of value and its source.	SR 2-2(a)(v)				
In a Self-Contained report, failure to state the effective date of the appraisal and the date of the report.	SR 2-2(a)(vi)				
In a Self-Contained report, failure to describe the scope of work used to develop the appraisal.	SR 2-2(a)(vii)				
<b>Example # 1</b>		A self-contained report of a strip take in an eminent domain proceeding did not include the scope of work used to develop the appraisal.	Level I	Level II	Level III
In a Self-Contained report, failure to describe the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions. Failure to explain exclusion of any of the approaches to value.	SR 2-2(a)(viii)				
In a Self-Contained report, failure to 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, when an opinion of highest and best use was developed by the appraiser, failure to describe the support and rationale for that opinion.	SR 2-2(a)(ix)				

**Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix**

	Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
				1st offense	2nd offense	3rd offense
				Level II	Level III	Level IV
	<b>Example # 1</b>		A self-contained report of a tract of land with a large commercial building did not include the support and rationale for the highest and best use opinion of multi-family residential development.			
	In a Self-Contained report, failure to clearly and conspicuously: <ul style="list-style-type: none"> <li>• state all extraordinary assumptions and hypothetical conditions; and</li> <li>• state that their use might have affected the assignment results.</li> </ul>	SR 2-2(a)(x)				
	In a Self-Contained report, failure to include a signed certification in accordance with Standards Rule 2-3.	SR 2-2(a)(xi)				
	In a Summary report, failure to include content consistent with the intended use of the report.	SR 2-2(b)				
	In a Summary report, failure to state the identity of the client and any intended users by name or type.	SR 2-2(b)(i)				
	In a Summary report, failure to state the intended use of the report.	SR 2-2(b)(ii)				
	<b>Example # 1</b>		An Appraiser was engaged to prepare a real property appraisal for use in setting the listing price for property. The Summary report was delivered to the client without identification of the intended use of the report.	Level II	Level III	Level IV
	In a Summary report, failure to summarize information sufficient to identify the real estate involved in the appraisal, including the physical and economic property characteristics relevant to the assignment.	SR 2-2(b)(iii)				
	In a Summary report, failure to state the real property interest appraised.	SR 2-2(b)(iv)				
	In a Summary report, failure to state the type and definition of value and its source.	SR 2-2(b)(v)				

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
<b>Example # 1</b>		An appraiser was engaged to develop a value opinion and prepare a summary report of the replacement cost of a residential dwelling for insurance purposes. The appraiser reported the opinion, including the cost and sales comparison approaches to value, but failed to state the type and definition of value.	Level I	Level II	Level III
In a Summary report, failure to state the effective date of the appraisal and the date of the report.	SR 2-2(b)(vi)				
In a Summary report, failure to summarize the scope of work used to develop the appraisal.	SR 2-2(b)(vii)				
In a Summary report, failure to summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions. Failure to explain exclusion of any of the approaches to value.	SR 2-2(b)(viii)				
<b>Example # 1</b>		A summary report included the sales comparison approach as the only approach to value developed. The report contained no explanation for the reason to exclude the cost and the income approaches to value.	Level I	Level II	Level III
In a Summary report, failure to 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, when an opinion of highest and best use was developed by the appraiser, failure to describe the support and rationale for that opinion.	SR 2-2(b)(ix)				
In a Summary report, failure to clearly and conspicuously: <ul style="list-style-type: none"> <li>state all extraordinary assumptions and hypothetical conditions; and</li> <li>state that their use might have affected the assignment results.</li> </ul>	SR 2-2(b)(x)				

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
In a Summary report, failure to include a signed certification in accordance with Standards Rule 2-3.	SR 2-2(b)(xi)				
In a Restricted Use report, failure to include content consistent with the intended use of the report.	SR 2-2(c)				
In a Restricted Use report, failure to state the identity of the client by name or type. Failure to state a prominent use restriction that limits use of the report to the client and warns that the appraiser's opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work file.	SR 2-2(c)(i)				
<b>Example # 1</b>		An appraiser was requested by a Judge to complete an assignment of market value for property settlement purposes with instructions that the Judge would be the client and there would be two additional intended users. Upon completion of the assignment a written report was submitted that was labeled "Restricted Use Report." The report did not include a prominent use restriction.	Level III	Level IV	Level V
In a Restricted Use report, failure to state the intended use of the report.	SR 2-2(c)(ii)				
In a Restricted Use report, failure to state information sufficient to identify the real estate involved in the appraisal.	SR 2-2(c)(iii)				
In a Restricted Use report, failure to state the real property interest appraised.	SR 2-2(c)(iv)				
In a Restricted Use report, failure to state the type of value and the source of its definition.	SR 2-2(c)(v)				
In a Restricted Use report, failure to state the effective date of the appraisal and the date of the report.	SR 2-2(c)(vi)				
In a Restricted Use report, failure to state the scope of work used to develop the appraisal.	SR 2-2(c)(vii)				

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
In a Restricted Use report, failure to state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the work file. Failure to explain the exclusion of an approach to value.	SR 2-2(c)(viii)				
<b>Example # 1</b>		A restricted use report on a new residential dwelling was delivered to a client. The cost approach to value was not reported and there was no explanation for its exclusion.	Level I	Level II	Level III
In a Restricted Use report, failure to 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, when an opinion of highest and best use was developed by the appraiser, failure to describe the support and rationale for that opinion.	SR 2-2(c)(ix)				
In a Restricted Use report, failure to clearly and conspicuously: <ul style="list-style-type: none"> <li>state all extraordinary assumptions and hypothetical conditions; and</li> <li>state that their use might have affected the assignment results.</li> </ul>	SR 2-2(c)(x)				
<b>Example # 1</b>		Although the restricted use report included an extraordinary assumption that a building could be placed upon the site and a hypothetical condition that zoning approval must be obtained to do so, there was no statement that the assumption and the condition might have affected the assignment results developed.	Level II	Level III	Level IV
In a Restricted Use report, failure to include a signed certification in accordance with Standards Rule 2-3.	SR 2-2(c)(xi)				
Failure to include in each written appraisal report a signed certification with content similar to the one in SR 2-3.	SR 2-3				
<b>Example # 1</b>		A certified appraiser failed to include in the certification a statement regarding significant real property assistance. A Trainee did provide significant real property assistance on the report.	Level II	Level III	Level IV

Wisconsin Real Estate Appraisers Board  
Voluntary Disciplinary Action Matrix

Type of Violation(s)	2010-11 USPAP Citation(s)	Examples	SANCTION (also refer to the sanction matrix and aggravating and mitigating circumstances)		
			1st offense	2nd offense	3rd offense
In an oral appraisal report, failure to address to the extent possible and appropriate, the substantive matters set forth in SR2-2(b).	SR 2-4				
<b>Example # 1</b>		An appraiser reported an opinion of value verbally to his client with no other documentation. The state appraiser regulatory agency investigator was informed by the appraiser that the assignment was considered ongoing and not complete; therefore, there was no requirement to create workfile documentation until the client acknowledged completion.	Level III	Level IV	Level V

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**State of Wisconsin  
Department of Regulation and Licensing**

**AGENDA REQUEST FORM**

<b>Name and Title of Person Submitting the Request:</b> Jill M. Remy, Program Manager		<b>Date When Request Submitted:</b> 10/26/2011
Items will be considered late if submitted after 5 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before meeting for all other boards</li> </ul>		
<b>Name of Board, Committee, Council:</b> Real Estate Appraisers Board		
<b>Board Meeting Date:</b> 11/9/2011	<b>Attachments:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>How should the item be titled on the agenda page?</b> Review New Form to be Used for Renewal/Retirement of Real Estate Appraiser Continuing Education Courses
<b>Place Item in:</b> <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	<b>Is an appearance before the Board being scheduled? If yes, by whom?</b> <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	<b>Name of Case Advisor(s), if required:</b>
<b>Describe the issue and action the Board should address:</b> For information and review only.		
<b>If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:</b>		
<b>Directions for including supporting documents:</b> 1. This form should be attached to any documents submitted to the agenda. 2. Documents submitted to the agenda must be single-sided. 3. Only copies of the original document will be accepted. 4. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.		
<b>Authorization:</b>		
Jill M. Remy		10/26/2011
Signature of person making this request		Date
Supervisor signature (if required)		Date
Bureau Director signature (indicates approval to add late items to agenda)		Date

# Wisconsin Department of Safety and Professional Services

Mail To: P.O. Box 8935  
Madison, WI 53708-8935

FAX #: (608) 267-1809  
Phone #: (608) 266-2112

1400 E. Washington Avenue  
Madison, WI 53703

E-Mail: [web@dsps.wi.gov](mailto:web@dsps.wi.gov)  
Website: <http://dsps.wi.gov>

## OFFICE OF EDUCATION AND EXAMINATIONS

### REQUEST FOR RENEWAL OR RETIREMENT OF REAL ESTATE APPRAISER CONTINUING EDUCATION (CE) COURSE

Please use this form if you wish to have your continuing education (CE) course approval renewed for the 2012-2013 biennium or to notify the Department of the retirement of any previously approved CE courses.

1. Name of Course Provider \_\_\_\_\_
2. Mailing Address \_\_\_\_\_  
(Street)  
\_\_\_\_\_  
(City) (State) (Zip)
3. Contact Name & Job Title \_\_\_\_\_
4. Telephone \_\_\_\_\_
5. Email address \_\_\_\_\_
6. Signature \_\_\_\_\_
7. Date \_\_\_\_\_

### CE COURSE RENEWAL/RETIREMENT INFORMATION

CE Course Title: \_\_\_\_\_

- Renewal; we wish to continue to offer this course during the 2012-2013 biennium
- Retirement; we no longer offer this course so it can be removed from the Department's list of approved courses.

**\*RETIREMENT NOTE:** If you are retiring a course that you decide to offer again at any time in the future, you will need to submit a new application for course approval prior to offering the course.

#### For CE Course Renewals

1. Has the course content changed?  Yes  No  
**If yes, you must complete and submit a new course approval application (Form #1895)**
2. Has there been a change in the instructor(s)?  Yes  No  
**If yes, you must complete and submit a new instructor approval application and instructor resume(s) (Form #1895)**
3. Is the course Appraisal Qualifications Board (AQB) approved?  Yes  No  
**If yes, please attach a copy of the most current AQB approval**
4. Is the course International Distance Education Certification Center (IDECC) approved?  Yes  No  
**If yes, please attach a copy of the most current IDECC approval**

Please submit one completed and signed form per CE course to the Office of Education and Examinations:

Office of Education and Examinations  
1400 E Washington Avenue  
P.O. Box 8935  
Madison, WI 53708-8935  
Email: [DRLContEducation@wisconsin.gov](mailto:DRLContEducation@wisconsin.gov)  
Fax: (608) 267-1809

State of Wisconsin  
Department of Safety and Public Services

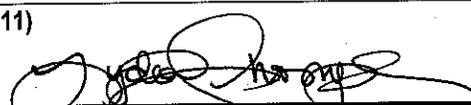
**AGENDA REQUEST FORM**

<b>Name and Title of Person Submitting the Request:</b> Dawn Pond Continuing Education Specialist		<b>Date When Request Submitted:</b> <b>January 26, 2012</b>
		Items will be considered late if submitted after 5 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before meeting for all other boards</li> </ul>
<b>Name of Board, Committee, Council:</b> Real Estate Appraisers Board		
<b>Board Meeting Date:</b> 2/22/2012	<b>Attachments:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>How should the item be titled on the agenda page?</b> 2009-2011 Real Estate Appraiser Continuing Education Compliance Audit Report
<b>Place Item in:</b> <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	<b>Is an appearance before the Board being scheduled? If yes, by whom?</b> <input type="checkbox"/> Yes by _____  <input checked="" type="checkbox"/> No	<b>Name of Case Advisor(s), if required:</b>
<b>Describe the issue and action the Board should address:</b>  Review results of the 2009-2011 Real Estate Appraiser continuing education compliance audit.		
<b>If this is a "Late Add" provide a justification utilizing the Agenda Request Policy:</b>  		
<b>Directions for including supporting documents:</b> 1. This form should be attached to any documents submitted to the agenda. 2. Documents submitted to the agenda must be single-sided. 3. Only copies of the original document will be accepted. 4. Provide original documents needing Board Chairperson signature to the Bureau Director or Program Assistant prior to the start of a meeting.		
<b>Authorization:</b>		
Dawn M. Pond	1/26/2012	
Signature of person making this request	Date	
Jill M. Remy	1/27/2012	
Supervisor signature (if required)	Date	
Bureau Director signature (indicates approval to add late items to agenda)	Date	

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**State of Wisconsin  
Department of Safety & Professional Services**

**AGENDA REQUEST FORM**

1) Name and Title of Person Submitting the Request:  Lydia Thompson Legal Counsel, Division of Board Services		2) Date When Request Submitted:  February 6, 2012	
		Items will be considered late if submitted after 4:30 p.m. and less than: <ul style="list-style-type: none"> <li>▪ 10 work days before the meeting for Medical Board</li> <li>▪ 14 work days before the meeting for all others</li> </ul>	
3) Name of Board, Committee, Council, Sections: Real Estate Appraisers			
4) Meeting Date: February 22, 2012	5) Attachments: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6) How should the item be titled on the agenda page? Report Comparing and Contrasting Wisconsin Realtors Association Appraisal Management Company Legislation Proposal and Appraisal Management Company Registration and Regulation Model Act (as of 10/8/2009).	
7) Place Item in: <input checked="" type="checkbox"/> Open Session <input type="checkbox"/> Closed Session <input type="checkbox"/> Both	8) Is an appearance before the Board being scheduled? If yes, who is appearing? <input type="checkbox"/> Yes by _____ (name) <input checked="" type="checkbox"/> No	9) Name of Case Advisor(s), if required:	
10) Describe the issue and action that should be addressed: For Board discussion, please review the report memorandum. Please also review the Frequently Asked Questions document from the Appraisal Institute regarding the Dodd-Frank Financial Reform Bill (HR 4173), which follows the report.			
11) Authorization			
		February 6, 2012	
Signature of person making this request		Date	
Supervisor (if required)		Date	
Bureau Director signature (indicates approval to add post agenda deadline item to agenda)		Date	
Directions for including supporting documents: 1. This form should be attached to any documents submitted to the agenda. 2. Post Agenda Deadline items must be authorized by a Supervisor and the Board Services Bureau Director. 3. If necessary, Provide original documents needing Board Chairperson signature to the Bureau Assistant prior to the start of a meeting.			



## State of Wisconsin

### DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

### CORRESPONDENCE / MEMORANDUM

**DATE:** February 6, 2012

**TO:** Real Estate Appraiser Board Members

**FROM:** Lydia Thompson, Legal Counsel

**SUBJECT:** Report Comparing and Contrasting Wisconsin Realtors Association Appraisal Management Company Legislation Proposal and Appraisal Management Company Registration and Regulation Model Act (as of 10/8/2009).

State agencies are required to register and regulate appraisal management companies (AMCs) by approximately January 2015 under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The Wisconsin Realtors Association (WRA) has drafted proposed AMC legislation for the Board's consideration. The Board Chair requested that the Board's Legal Counsel provide a report that compares and contrasts the Appraisal Management Company Registration and Regulation Model Act ("Model Act") and the WRA's proposed legislation.

#### Background: Model Act:

According to the Appraisal Institute, as the number of appraisal AMCs continues to grow across the United States, the nation's largest professional organizations of real estate appraisers are releasing draft model legislation calling for the registration and regulation of AMCs. The model legislation is a joint effort of the Appraisal Institute (AI), the American Society of Appraisers (ASA), the American Society of Farm Managers and Rural Appraisers (ASFMRA), and the National Association of Independent Fee Appraisers (NAIFA). The language in the model is intended to give state appraiser boards the statutory authority that they need to develop and implement registration requirements for appraisal management companies operating in their states.<sup>1</sup>

#### **GENERAL OVERVIEW OF MODEL ACT AND WRA PROPOSED LEGISLATION**

As currently drafted, the Model Act contains the following provisions:

- Requires the registration of AMCs operating in the state that order residential appraisals from independent appraisers. Provides exemptions for "in-house" appraisal departments, AMCs that order less than 10 appraisals in a state in a year, and for appraisers that subcontract to other appraisers on an incidental basis;
- Prohibits AMCs from being owned by individuals who have had an appraiser license or certification denied, refused, cancelled or revoked;
- Requires the identification of a "controlling person" for each AMC;

<sup>1</sup> See [http://www.appraisalinstitute.org/about/news/2008/11\\_03\\_08\\_ModelAMCLegislation.aspx](http://www.appraisalinstitute.org/about/news/2008/11_03_08_ModelAMCLegislation.aspx).

- Requires AMCs to have systems in place to verify that they only utilize licensed or certified appraisers, and that all appraisals are in compliance with USPAP;
- Enacts requirements that ensure that appraisers are free from coercion or inappropriate influence from AMCs; and
- Provides for the adjudication of disputes between AMCs and independent appraisers.

As currently drafted, the WRA's proposed legislation contains the following provisions:<sup>2</sup>

- **Establishes "customary and reasonable" rates for appraisers** -- Dodd-Frank provides (as part of the appraiser independence standards) that AMCs must compensate appraisers at rates that are "customary and reasonable" in their geographic market area. This may be established by objective third-party information, such as government agency fee schedules, academic studies and independent private sector surveys. This legislation provides for the Real Estate Department at the UW Business School conduct a survey/study of reasonable and customary appraiser fees that may be used by the Board as a tool to evaluate any complaints that AMCs are not paying "customary and reasonable" fees.
- **Requires disclosure of fee structure between AMCs and appraisers** -- AMCs must separately state the portion of a fee that is for the actual appraisal completed by the appraiser and the portion of the fee that is for appraisal management services.
- **Requires appraisers to meet minimum competency and performance standards** -- AMCs are prohibited from requiring an appraiser to perform an appraisal if the appraiser does not have necessary expertise for the geographical area or does not have a sufficient timeframe for completion, or if the appraisal can't not be completed in conformance with USPAP and the client assignment criteria.
- **Prohibits AMCs from influencing appraisals** -- AMCs are prohibited from exerting inappropriate influence and coercion designed to influence the outcome of the appraisal and impair appraiser objectivity and impartiality by withholding payments or future assignments, promising extra business or compensation, requiring appraiser indemnification of AMC liability, or providing target values.
- **Adds 2 Appraisers to Wisconsin's Appraiser's Board** -- The proposal adds 2 appraisers to the existing 7-person Board that is already overburdened just keeping up with the Appraisal Subcommittee requirement that all appraiser discipline be processed within one year; and changes one of the three public members to an AMC representative.

## **SPECIFICS OF MODEL ACT AND WRA PROPOSED LEGISLATION**

As currently drafted, the Model Act contains the following provisions:

- Contains a "**Title**" section naming the chapter as the "Appraisal Management Company Registration and Regulation Act." The WRA's proposed legislation does not contain this provision.
- Contains a "**Definitions**" section, which defines the following terms: Appraisal, Appraisal management company, Appraisal management services, Appraiser, Appraiser fee schedule, Appraiser panel, Appraisal review, Board, Compliant appraiser, Controlling person, and Person. (This is the order in which they appear.)
  - The WRA draft does not define the following terms which appear in the Model Act: Appraisal, Appraiser fee schedule, Board, and Person. (This is the order in which they appear.)

<sup>2</sup> Per Memorandum from the WRA dated September 26, 2011 sent to all legislators.

- Please note that “Compliant appraiser” appears as “*Competent appraiser*” in the WRA draft.
  - The WRA draft defines the following terms which do not appear in the Model Act: Federal financial institution regulatory agency and Uniform Standards of Professional Appraisal Practice. (This is the order in which they appear.)
  - The WRA draft defines the following terms: Appraisal management company, Appraisal management services, Appraiser, Appraisal panel, Appraisal review, Appraiser subcommittee, *Competent appraiser*, Controlling person, Federal financial institution regulatory agency, person, and Uniform Standards of Professional Appraisal Practice. (This is the order in which they appear.)
    - The WRA’s definition of “Appraisal management company” is substantially different from the Model Act.
    - The WRA’s definition of “Appraisal management services” is substantially similar to the Model Act, but adds to the end of “any other person” contained in the Model Act’s definition [under s. (2)(c)] “...in conjunction with a consumer credit transaction that is secured by a consumer’s primary dwelling.” See s. 458.41(2). The WRA’s definition places the subsections contained in the Model Act in a different order.
    - The WRA’s definition of “Appraiser” is the same as the Model Act.
    - The WRA’s definition of “Appraisal panel” is substantially different from the Model Act.
    - The WRA’s definition of “Appraisal review” is substantially similar to the Model Act.
    - The WRA’s definition of “*Competent appraiser*” is substantially similar to the Model Act’s definition of “*Compliant appraiser*.” The biggest difference is the title of the definition.
    - The WRA’s definition of “Controlling person” is substantially similar to the Model Act, except that in the WRA definition it means “an owner, officer or director of an appraisal management company...” and in the Model Act, it means “an owner, officer or director of a corporation, partnership or other business entity seeking to offer appraisal management services in this state...”
- Contains a “**Registration required**” section, which “directly and indirectly” prohibits an AMC from performing/attempting to perform or conducting or advertising for AMC services without being registered.
  - The WRA’s draft is substantially similar to the Model Act, except the WRA’s draft is specifically tailored towards the current Department requirements for the application and fees. The WRA draft provides further statutory citations and references to federal law. For example, the WRA draft includes more detail as to requirements to follow appraisal independence standards under “Subchapter D and Section 1129E of the Truth in Lending Act.” See s. 458.47(2)(j). See s. 458.47(3) for additional references to federal law that is not in the Model Act.
- Contains an “**Exemptions**” section, which notes which types of entities are exempted from the requirement from registration.
  - The Model Act contains more details regarding the types of entities, persons, or AMCs to which this exemption applies. The WRA draft is substantially different from the Model Act.

- For example, the Model Act exempts AMC's which order ten or fewer appraisals in the state within a calendar year or maintains an appraiser panel consisting of fifteen or fewer appraisers. The Model Act further exempts a "department or unit within a financial institution that is subject to direct regulation" by the U.S. government or this state. The Model Act refers to the employer accepting "all liability associated with the performance of the appraisal by the employee." The WRA draft does not contain any this language.
- Contains a "**Forms**" section noting that AMC applicants shall submit applications to the Board on a form prescribed by the Board.
  - The WRA draft does not contain a specific section for this, but incorporates this into the proposed language in s. 458.47(2).
- Contains an "**Expiration of License**" section.
  - Although the WRA draft deviates from the Model Act by not containing a provision with the Model Act's specific language, the WRA draft contains two similar provisions regarding this: In s. 440.08(2)(12m) (Renewal dates, fees, and applications) and s. 458.49 (Expiration and renewal.)
- Contains a "**Consent to Service of Process**" section which requires each AMC to "complete an irrevocable Uniform Consent to Service of Process, as prescribed by the Board."
  - The WRA draft does not contain a separate section for "Consent to Service of Process" like the Model Act, but it contains a similar provision in s. 458.47(2)(m) (Registration required).
- Contains a "**Fee**" section which is required for each AMC seeking registration and the language further sets the amount of the fee.
  - The WRA draft does not contain a separate section for fees in a manner that is similar to the Model Act, but it does contain a provision under s. 458.43(1)(c) which collects fees from ACS. The WRA draft does not set the fee, but cites to federal laws in referring to how fees may be determined.
- Contains an "**Owner Requirements**" section which details that AMC's shall not be more than 10% owned by an AMC or persons who have had a license denied, or revoked, or surrendered, or substantially similar to this (refused or cancelled).
  - The WRA draft is substantially similar with a few exceptions. The title is "Owner *Eligibility* Requirements," and it inserts language that AMC's "shall not be owned in whole or in part, directly or indirectly" by the persons who have had a license denied, or revoked, or surrendered, or substantially similar to this (refused or cancelled). The other minor difference is the WRA draft requirement that AMC owners are "reputable and competent persons capable of operating a lawful appraisal management company." See specifically s. 458.53(1) and (4).
- Contains a "**Controlling Persons**" section which sets requirements for one controlling person as the main contact for all communication between the Board and the AMC.
  - The WRA draft does not contain a section with the same title as the Model Act, but it contains substantially similar provisions in s. 458.55, entitled "Designation of Primary Contact."
- Contains an "**Employee Requirements**" section, to which the WRA draft is substantially similar and contains the same title.
- Contains an "**Appraiser Engagement**" section, which requires AMC's to verify that the appraiser receiving the assignment is a compliant appraiser.

- The WRA draft does not contain a section with the same title as the Model Act, but it contains substantially similar provisions in s. 458.59, entitled “Appraiser Competency and Appraisal Review.”
- Contains an “**Appraisal Review**” section, which requires employees/independent contractors of AMCs to be licensed or certified in the state where the subject property of the appraisal is located.
  - The WRA draft does not contain a section with the same title as the Model Act, but it contains substantially similar provisions in s. 458.59, entitled “Appraiser Competency and Appraisal Review.”
  - The WRA draft contains additional language that the appraiser “shall have at least the same certification as the appraiser who completed the report being reviewed.” See s. 458.59(3).
- Contains a “**Limitations**” section, which prohibits AMCs from entering into contracts or agreements with an appraiser unless the AMC verifies the appraiser’s licensure in good standing.
  - The WRA draft does not contain a section with the same title as the Model Act, but it contains substantially similar provisions in s. 458.59, entitled “Appraiser Competency and Appraisal Review.”
  - The Model Act does not refer to the “performance of appraisals in conjunction with federally related transactions,” but the WRA draft contains this language.
- Contains a “**Pre-Engagement Certification**” section, which requires each AMC to certify to the Board on an annual basis that it has a system in place to verify that an appraiser on the AMC’s appraiser panel holds a license in good standing.
  - The WRA draft does not contain a section with the same title as the Model Act, but it contains a tangentially related, but not substantially similar provision in s. 458.61(1)(b), entitled “Recordkeeping.”
- Contains a “**Verification of Continuing Licensure or Certification**” section requiring each AMC to certify that it has a system in place to verify that an individual assigned appraisal work has not had a license “refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation since the last time that the appraisal management company made an assignment for an appraisal to the appraiser.”
  - The WRA draft does not contain a section with the same title as the Model Act, but it contains a tangentially related, but not completely similar provision in s. 458.47(2)(g), entitled “Registration required:” “(g) A certification that the person seeking registration has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license or certification in good standing...” This WRA provision does not require the AMC to perform the verification since the last time work was assigned to the appraiser.
- Contains an “**Adherence to Standards**” section requiring each AMC to ensure that appraisals are being conducted in accordance with USPAP standards.
  - The WRA draft does not contain a section with the same title as the Model Act, but it contains a tangentially related, but not completely similar provision in s. 458.47(2)(h), entitled “Registration required:” “(h) A certification that the person seeking registration requires appraisers completing appraisals at its request to comply with the Uniform Standards of Professional Appraisal Practice, including the requirements for geographic and product competence...”

- Contains an “**Annual Audit**” section which requires each AMC to annually audit the appraisals received to ensure that they are in accordance with USPAP standards. This section also provides detailed requirements of how the audit must be performed
  - The WRA draft does not contain this type of section or type of language.
- Contains a “**Recordkeeping**” section which requires each AMC to certify to the Board on an annual basis that it maintains a detailed record of each service request it receives and each appraiser that performs the appraisal.
  - The WRA draft contains a section with the same title and with substantially similar provisions under s. 458.61, with the exception of time limits for AMCS to retain the records.
- Contains an “**Appraiser fees**” section which places requirements on how AMCs include fees for appraisal management services or to appraisers.
  - The WRA draft contains a section with a similar title and some similar language to the Model Act, under s. 458.63, “Statement of Appraiser Fees,” but the language substantially departs from the Model Act and includes fewer requirements.
- Contains an “**Appraiser independence; prohibitions**” section which outlines unlawful/prohibited actions by each registered AMC.
  - The WRA draft contains a section with a substantially similar title and provisions to the Model Act under s. 458.66, (“Appraiser Independence; Unlawful Acts”). The WRA draft contains greater detail on the unlawful acts.
- Contains a “**Guaranty of Payment**” section which requires each registered AMC to make payment to an appraiser for completed work within sixty days of providing the completed appraisal/valuation.
  - The WRA draft contains a section with substantially provisions to the Model Act, but a different title under s. 458.72, (“Prompt Fees Payment”). The WRA draft contains a requirement of ninety days, rather than sixty.
- Contains an “**Alterations of appraisal reports**” section which prohibits AMCs from altering, modifying, or otherwise changing a completed appraisal report submitted by an appraiser.
  - The WRA draft contains a section with the same title as the Model Act under s. 458.75 and incorporates the Model Act’s language above, but includes additional language providing exact prohibitions each AMC must adhere to.
- Contains a “**Registration number**” section which requires the Department to issue a unique registration number to each registered AMC.
  - The WRA draft contains a section with the same title and with substantially similar provisions under s. 458.78.
- Contains an “**Advertising**” section which provides requirements for advertising.
  - The WRA draft contains a section with the same title and with substantially similar provisions under s. 458.81.
- Contains an “**Adjudication of Disputes between an Appraisal Management Company and an Appraiser**” section which provides a process for handling such disputes.
  - The WRA draft contains a section with nearly an identical title and with nearly identical provisions under s. 458.84.
- Contains an “**Enforcement**” section, which provides the Board with authority to seek disciplinary action for certain violations.
  - The WRA draft does not contain this section; however, the draft appears to meet the intent of the Model Act by placing enforcement type of language and authority

for the Department and Board under s. 458.87, entitled “Disciplinary proceedings and actions.”

- The WRA’s provision is substantially similar to the existing statute under s. 458.26, entitled “Disciplinary proceedings and actions,” which grants authority to the Department and Board to conduct investigations and pursue disciplinary action.
- Contains a “**Disciplinary hearings**” section, which outlines the process/procedures for such hearings.
  - The WRA’s draft does not contain this section; however, the law already outlines the process/procedures for disciplinary hearings in Wis. Admin. Code ch. SPS 2 (formerly RL 2) and the appendix.
- Contains a “**Rulemaking authority**” section, which provides the Board with authority to “adopt rules not inconsistent” with the Model Act and “reasonably necessary to implement, administer, and enforce the provisions [of the Model Act].”
  - The WRA’s draft does not contain this section; however, the draft contains substantially similar provision granting authority to the Department to promulgate rules using similar language as the Model Act above.
  - Please note that the existing statute under S. 458.03(4) entitled, “General duties and powers of department and board,” expressly states that the “board does not have rule-making authority.”

As currently drafted, the WRA’s proposed legislation contains the following provisions:

- Creates provisions related to AMCs by beginning with a new section, 458.41.
  - Please note, the existing statutes under ch. 458 end at 458.30, Penalties.
- Creates new definitions related to AMCs, but also creates a new definition of “Appraiser,” under s. 458.41(3) that is different from the existing definition of “Appraiser” under s. 458.01(4).
- Creates a new provision related to the “General duties and powers of department and board” under s. 458.43, which grants power to the Board and Department to “register and supervise” AMCs. *See* s. 458.43(1)(a).
  - Please note, the existing statutes under s. 458.03, has a “General duties and powers of department and board” provision which does not grant power to the department or board to regulate AMCs.
- Creates a new provision providing an option for the Department Secretary to create an “Advisory committee” for appraisal management companies under s. 458.45.
  - Please note, the existing statutes under s. 458 provides an option for the Department Secretary to create an “Advisory committee” under s. 458.04, which does not include AMCs.
- Creates a new requirement for registration of AMCs under s. 458.47, which the existing statutes under ch. 458 do not provide for AMCs.
- Creates a new provision regarding the expiration and renewal of AMC registrations under s. 458.49.
  - Please note that the existing statutes under s. 458.11 only provides for the expiration and renewal of appraiser licenses/certifications.
- Creates a new provision under s. 458.51 for exemptions to the AMC registration requirement (under s. 458.47).
- Creates a new provision under s. 458.53 for “Owner Eligibility Requirements,” which requires that “each person applying for a registration under this subchapter shall not be

- owned in whole or in part, directly or indirectly, by” a person with a revoked, denied, or surrendered license or an entity that is more than 10% owned by such a person. This provision also creates requirements for a person who owns more than 10% of an AMC.
- Creates a new provision under s. 458.55, “Designation of Primary Contact” for a designation of “one controlling person that will be the main contact for all communication” between the Department and the AMC.
  - Creates a new provision under s. 458.57 for “Employee Requirements,” which prevents AMCs from “knowingly” employing persons who review/order appraisers who has had a license denied/revoked/surrendered or who enters into any independent contractor arrangement for appraisal/AMC services, or contracting with an entity that has done the above.
  - Creates a new provision under s. 458.59, “Appraiser Competency and Appraisal Review,” requiring that an AMC verify the competency of an appraiser.
  - Creates a new provision under s. 458.61, “Recordkeeping,” which requires each AMC registrant to certify to the Department, on an annual basis, that it maintains a detailed record of each service request it receives and each appraiser who performs and appraisal for the AMC. AMCs would be required to retain records for 5 years (after appraisal completed) or two years (after judicial proceeding relating to assignment) – whichever is later.
    - Please note, the existing statutes under s. 458.18, “maintenance of records,” has a similar recordkeeping requirement for “certified or licensed” appraisers, except that these appraisers are only required to make the records available for copying and inspection to the Department or the Board, rather than certifying to the Department on an annual basis.
    - Please note, the existing rules under s. SPS 86.01(5) contains a provision regarding “certified and licensed appraisers” similar to the WRA’s proposed provision under s. 458.61.
  - Creates a new provision under s. 458.66 for “Appraiser Independence; Unlawful Acts,” for which AMCs are required to “ensure that appraisals are conducted independently and free from inappropriate influence and coercion.”
  - Creates a new provision under s. 458.69, “Unprofessional Conduct,” which details areas of unprofessional conduct committed by AMCs.
    - Please note, the existing statutes under ch. 458, do not contain a provision detailing areas of unprofessional conduct committed by appraisers. Instead, “Rules of Professional Conduct” related to appraisers are located in s. SPS 86 (formerly RL 86).
  - Creates a new provision under s. 458.72, “Prompt Fees Payment” requiring that AMCs make payment to an appraiser within 90 days (except in cases of breach of contract or substandard performance).
  - Creates a new provision under s. 458.75, “Alteration of appraisal reports,” which prohibits AMCs from altering/changing/modifying “a completed appraisal report submitted by an appraiser.”
    - Please note, the existing statutes under ch. 458, do not contain such a provision applicable to appraisers.
  - Creates a new provision under s. 458.78, “Registration number,” which requires the Department to provide unique registration number to each AMC and annually publish a list of all registered AMCs.

- Please note, the existing statutes under ch. 458, do not contain the same provision for appraisers.
- The closest is under s. 458.105, “Certificate number,” which has a similar requirement to the WRA’s proposed language under s. 458.78(1).
- The other tangentially related provision is under s. 458.03(3)(b) which requires the Department to transmit “a roster listing the names and addresses of certified appraisers and licensed appraisers” to the Appraisal Subcommittee of the federal financial institutions examination council (or successor agency).
- Create a new provision under s. 458.81, “Advertising,” requiring AMCs to disclose the registration number on all print/electronic ads.
  - Please note, the existing statutes under ch. 458, do not contain a similar provision for appraisers.
  - Please note, the existing rule under s. SPS 86.02, does not contain the same provision for appraisers. It merely requires the appraiser to disclose his/her name “as it is on file” with the Department on all ads.
- Create a new provision under s. 458.84 for the “Adjudication of Disputes between Appraisal Management Company and Appraiser.”
  - Please note, the existing statutes under ch. 458, do not contain a similar provision for disputes between appraisers.
  - Please note that the WRA’s proposed draft contains a requirement under s. 458.84(3) that “the department shall adjudicate the complaint within 180-days.” There is also a provision under s. 458.84(4) for the Department order that an appraiser “be restored to the appraiser panel of the appraisal management company that was the subject of the complaint” if, after an opportunity for a hearing and review, the Department determined that an AMC improperly removed an appraiser from the appraiser panel or an appraiser did not violate applicable laws.
    - This new provision is substantially similar to the Model Act.
- Creates a new provision under s. 458.87, “Disciplinary proceedings and actions,” which pertains to AMCs and is substantially similar to the existing statutes concerning appraiser disciplinary proceedings under s. 458.26.
- Creates a new provision under s. 458.92, “Penalties,” which pertains to AMCs and contains language that is substantially similar to the existing statutes concerning appraiser penalties under s. 458.26 (with the exception of \$10K fine assessed against AMCs and \$1K fine assessed against appraisers).

**COPY OF APPLICABLE PROVISIONS FROM TITLE XI OF FIRREA REAL ESTATE APPRAISAL REFORM [12 U.S.C. 3331-335] AS AMENDED BY THE DODD-FRANK REFORM ACT:**

**§ 1124. Appraisal Management Company Minimum Requirements.**

*(a) In General.*—The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration Board, the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection shall jointly, by rule, establish minimum requirements to be applied by a State in the registration of appraisal management companies. Such requirements shall include a requirement that such companies—

(1) register with and be subject to supervision by a State appraiser certifying and licensing agency in each State in which such company operates;

(2) verify that only licensed or certified appraisers are used for federally related transactions;

(3) require that appraisals coordinated by an appraisal management company comply with the Uniform Standards of Professional Appraisal Practice; and

(4) require that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under section 129E of the Truth in Lending Act.

(b) *Relation to State Law.*—Nothing in this section shall be construed to prevent States from establishing requirements in addition to any rules promulgated under subsection (a).

(c) *Federally Regulated Financial Institutions.*—The requirements of subsection (a) shall apply to an appraisal management company that is a subsidiary owned and controlled by a financial institution and regulated by a Federal financial institution regulatory agency. An appraisal management company that is a subsidiary owned and controlled by a financial institution regulated by a Federal financial institution regulatory agency shall not be required to register with a State.

(d) *Registration Limitations.*—An appraisal management company shall not be registered by a State or included on the national registry if such company, in whole or in part, directly or indirectly, is owned by any person who has had an appraiser license or certificate refused, denied, cancelled, surrendered in lieu of revocation, or revoked in any State. Additionally, each person that owns more than 10 percent of an appraisal management company shall be of good moral character, as determined by the State appraiser certifying and licensing agency, and shall submit to a background investigation carried out by the State appraiser certifying and licensing agency.

(e) *Reporting.*—The Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the National Credit Union Administration Board, the Federal Housing Finance Agency, and the Bureau of Consumer Financial Protection shall jointly promulgate regulations for the reporting of the activities of appraisal management companies to the Appraisal Subcommittee in determining the payment of the annual registry fee.

(f) *Effective Date.*—

(1) *In General.*—No appraisal management company may perform services related to a federally related transaction in a State after the date that is 36 months after the date on which the regulations required to be prescribed under subsection (a) are prescribed in final form unless such company is registered with such State or subject to oversight by a Federal financial institutions regulatory agency.

(2) *Extension of Effective Date.*—Subject to the approval of the Council, the Appraisal Subcommittee may extend by an additional 12 months the requirements for the registration and supervision of appraisal management companies if it makes a written finding that a State has made substantial progress in establishing a State appraisal management company registration and supervision system that appears to conform with the provisions of this title.

See Title XI of FIRREA Real Estate Appraisal Reform [12 U.S.C. 3331-3335] as amended by the Dodd-Frank Reform Act:

[https://docs.google.com/viewer?a=v&q=cache:fx4VYP7VtPAJ:appraisalnewsonline.typepad.com/files/title-xi-as-amended-by-the-dodd-frank-reform-act.pdf+12+U.S.C.+3331-33351&hl=en&gl=us&pid=bl&srcid=ADGEESi7hFmAYxwi8TastS0IEzuF4PCNE4BgqVCNI87zLvZqgEPHzkCnXvKg9BFVcjIT4Q0xiVwO9sj7sbMt8S-dH-U4MZHHP2icisIfLYuR1HVLKzxMv--s8Ef40eRCqgwgra\\_gET&sig=AHIEtbQSH1bhlA1cmBD8wffFKDq-GcIMgOA&safe=active](https://docs.google.com/viewer?a=v&q=cache:fx4VYP7VtPAJ:appraisalnewsonline.typepad.com/files/title-xi-as-amended-by-the-dodd-frank-reform-act.pdf+12+U.S.C.+3331-33351&hl=en&gl=us&pid=bl&srcid=ADGEESi7hFmAYxwi8TastS0IEzuF4PCNE4BgqVCNI87zLvZqgEPHzkCnXvKg9BFVcjIT4Q0xiVwO9sj7sbMt8S-dH-U4MZHHP2icisIfLYuR1HVLKzxMv--s8Ef40eRCqgwgra_gET&sig=AHIEtbQSH1bhlA1cmBD8wffFKDq-GcIMgOA&safe=active)

## Frequently Asked Questions – Dodd-Frank Financial Reform Bill (HR 4173)

On July 21, President Obama signed H.R. 4173, the Dodd-Frank Wall Street Reform and Consumer Protection Act, into law, ushering in a rewrite of the rules governing financial service providers and products and ending a nearly year-long struggle to enact meaningful reforms.

Federal regulators will now be tasked with implementing the 2,300-page bill. The new rules will regulate complex derivatives, set up controls to identify and shut down troubled financial companies, and establish an independent consumer bureau within the Federal Reserve to protect borrowers against abuses in mortgage, credit card and other types of lending.

While the regulatory reform bill is notable for its reforms to Wall Street and government regulatory oversight, the legislation includes the first modernization of real estate appraisal regulations in more than 20 years. In addition to authorizing grant funding for state oversight and enforcement, H.R. 4173 will require that “reasonable and customary” fees be paid to appraisers to reflect what an appraiser would typically earn for an assignment absent the involvement of an appraisal management company. AMCs that violate “customary and reasonable” requirements will be subject to severe penalties under the Truth in Lending Act.

The scope and substance of the new law raises many questions and poses many issues for the appraisal profession. Attached below are Frequently Asked Questions that the Appraisal Institute will update periodically during the course of the upcoming rulemaking process.

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## **Frequently Asked Questions** (Updated September 1, 2010)

### General Background

#### **Where can I find more information about the Dodd-Frank Act?**

The Appraisal Institute conducted a free-for-members webinar that provides a comprehensive summary of the significant appraisal provisions of the bill. This webinar can be found [here](#) under "Financial Reform Legislation – Appraisal and Real Estate Impacts." Additional information can be found on the House Financial Services Committee website, including a bill summary, section-by-section analysis and full bill text.

#### **What laws are amended in Dodd-Frank that impact real estate appraisers?**

H.R. 4173 amends several federal laws, including the Truth in Lending Act (TILA), Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), the Real Estate Settlement Procedures Act (RESPA), and the Equal Credit Opportunity Act (ECOA).

### Truth in Lending Act Requirements

#### **How does TILA relate to real estate appraisals?**

The Truth in Lending Act (TILA) is intended to protect consumers from "unfair and deceptive" practices. In 2008, TILA was amended by the Federal Reserve to prohibit coercion of real estate appraisers by lenders, brokers and their agents. The Appraisal Institute held a webinar on the Regulation Z appraisal independence rules in 2008, which can be found [here](#).

Title XIV of Dodd-Frank amends TILA to codify a broad appraiser independence standard that includes payment of customary and reasonable fees to appraisers and significant penalties for non-compliance.

#### **What is an Interim Final Rule?**

An Interim Final Rule is a final rule that has the full force and effect of law. Affected parties have an obligation to comply with its requirements.

#### **Which agency is implementing the Interim Final Rule on TILA appraisal independence/customary and reasonable fee requirements?**

The Federal Reserve Board is tasked with promulgating the appraisal independence and "customary and reasonable" fee provisions found in Dodd-Frank. The Division of Consumer and Community Affairs promulgated the previous appraisal amendments to TILA in 2008, and it will likely take the lead within the Federal Reserve in developing the Interim Final Rule.

#### **When will the Interim Final Rule expected to be released?**

According to H.R. 4173, the Federal Reserve Board must prescribe the Interim Final Rule no later than 90 days after enactment of the bill. The bill was enacted on July 21, 2010, so the Rule is expected by October 19.

#### **What will happen to TILA once the Interim Final Rule is developed?**

Dodd-Frank establishes a new Consumer Financial Protection Bureau (CFPB), housed within the Federal Reserve. The BCFP will oversee TILA and RESPA and other consumer protection statutes once it the Bureau is fully operational, which is expected to take 18 months.

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**Who Will Enforce the TILA-Appraiser Independence requirements?**

The new CFPB will enforce TILA, RESPA and other consumer protection statutes, including the appraiser independence requirements.

**Can the TILA-Appraisal Independence provisions also be enforced by state attorneys general?**

Yes, Section 1422 of the Dodd-Frank Act gives explicit authority to state attorneys general to enforce appraiser independence requirements (Sec. 129E), including the provisions relating to customary and reasonable fees.

**When are Lenders and Agents (AMCs) required to pay Appraisers "customary and reasonable" fees?**

The "customary and reasonable" fee provision, which is now part of TILA, will be in effect as of October 19, 2010.

**What are the penalties for violating the new Truth in Lending Act provisions created by the Dodd-Frank Act?****Who will be responsible for enforcing these provisions?**

The penalties for violations of Sec. 129E are fines of up to \$10,000 for each day any violation occurs (for a first offense), and up to \$20,000 for each day that a violation occurs (for subsequent violations). For instance, if it is determined that a lender or their agent (i.e., an AMC) has failed to pay an appraiser a customary and reasonable fee for 200 assignments, then the AMC may be charged with a single, first offense and could be subject to a civil penalty of up to \$2 million (based upon 1 assignment per day). However, if the same AMC subsequently does not pay another appraiser a customary and reasonable fee for 300 assignments, then the AMC could be charged, as a subsequent offender and could be fined up to \$6 million. Because the provisions of section 129E are part of the Truth in Lending Act, they can be enforced by the new Consumer Financial Protection Bureau or a state attorney general.

**If an appraiser accepts an appraisal assignment from an AMC that includes a statement of acceptance that the fee is customary and reasonable, will this be considered customary and reasonable under Dodd-Frank?**

The Truth in Lending Act defines "unfair and deceptive" practices. Under Dodd-Frank, failure to pay an appraiser a customary and reasonable fee may constitute a violation of TILA. As such, it is possible that conditioning acceptance of an appraisal on accepting a fee as "customary and reasonable" may be considered unfair and deceptive by the Federal Reserve. It is our hope that the Interim Final Rule will address this issue.

Further, Dodd-Frank states that evidence for customary and reasonable fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by known appraisal management companies. As such, assignments from AMCs would not appear to be considered evidence of customary and reasonable fees.

**Do any government agencies publish fee schedules that might illustrate customary and reasonable fees as defined by Dodd-Frank?**

Yes, the U.S. Department of Veterans Affairs Regional Loan Centers is an example of a fee schedule published by a government agency. The Veterans Affairs Regional Loan Centers publish fee schedules for the VA Fee Panel in all 50 states, the District of Columbia, and all U.S. Territories. These schedules are updated periodically, sometimes twice a year. Schedules can be found at the following links:

Denver Regional Loan Center, available [here](#)  
Houston Regional Loan Center, available [here](#)  
St. Paul Regional Loan Center, available [here](#)  
Cleveland Regional Loan Center, available [here](#)

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Roanoke Regional Loan Center, available [here](#)  
Manchester Regional Loan Center, available [here](#)  
St. Petersburg Regional Loan Center, available [here](#)

**Is the Appraisal Institute planning to develop a survey or study that would address the definition of customary and reasonable under the Dodd-Frank Act?**

The Appraisal Institute Board of Directors has approved development and release of a "Request for Proposal" from interested parties and the academic community to develop an independent study or survey that would address the requirements of the Dodd-Frank Act, garner industry support and adhere to generally accepted research standards. This RFP is expected to be released shortly.

**What will happen to the HVCC after the interim final rule is released?**

Upon release of the interim final rule, the Home Valuation Code of Conduct shall have no "force or effect". However, Dodd-Frank grants authority to various agencies, including the Federal Housing Finance Agency, to issue interpretive guidance. As such, Fannie Mae and Freddie Mac will likely continue to feature prominent provisions from the HVCC in their seller servicing guides.

Title XI of FIRREA Requirements

**By what date must states enact AMC registration and supervision laws?**

The law states that no AMC may perform services related to a federally related transaction in a state 36 months after the date on which the final regulations containing the minimum requirements that must be contained in state AMC laws are promulgated by the federal bank regulators and the CFPB. It is likely that it will be at least one year before the regulations are issued. Therefore, it is probable that states will have until at least 2014 to enact state AMC laws. Further, the law allows the Appraisal Subcommittee to grant a state an additional twelve months to comply with the requirement to enact an AMC registration and supervisory law if the state shows that they have made substantial progress toward enacting a law that appears to conform to the federal law.

**What must be contained in those laws?**

The Dodd-Frank Act requires that the federal bank regulators and the CFPB jointly issue regulations that outline the minimum requirements to be applied by a state in the registration of AMCs. At a minimum, state AMC laws must: 1) require that AMCs register with and be subject to supervision by the state appraiser licensing and certification entity; 2) require that AMCs verify that they only utilize licensed or certified appraisers for federally related transactions; 3) require that appraisal coordinated by the AMC comply with USPAP; and 4) require that appraisals are performed independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards that will be established under TILA.

**What is the definition of an appraisal management company?**

Under the Dodd-Frank Act, an appraisal management company is defined as any external third party with more than 15 appraisers in one state, or more than 25 nationwide, that is authorized by a creditor in a consumer credit transaction that is secured by a consumer's principal dwelling that: 1) recruits, retains or selects appraisers; 2) contracts with appraisers to perform appraisal assignments; 3) manages the process of having an appraisal performed; or 4) reviews and verifies the work of appraisers.

**What will be the role of the Appraisal Subcommittee as it relates to AMCs?**

The Dodd-Frank Act states that, in addition to monitoring state requirements for the licensing and certification of appraisers, that the Appraisal Subcommittee shall also monitor the requirements established by states for the

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registration and supervision of the operations and activities of AMCs. The ASC is also required to maintain a national registry of AMCs that are either registered with, and subject to the supervision of, a state appraiser board or are operating subsidiaries of federally regulated institutions. The ASC will also be the agency that will collect the \$25 per appraiser registry fee. Lastly, the ASC will be charged with making grants to state appraiser boards to support their efforts to comply with requirements regarding the submission of data on AMCs to the national registry.

**Are states permitted to go beyond the minimum requirements that are contained in the federal law and to enact additional registration and supervision requirements?**

Yes, states are permitted to enact additional requirements regarding the registration and supervision of AMCs.

**Doesn't the Dodd Frank Bill create a federal system of regulation of AMCs?**

No. The Dodd-Frank Act requires that states enact AMC registration and supervision laws that comply with the minimum requirements. The Dodd-Frank Act does, however, create an exemption from state registration requirements for AMCs that are owned and controlled by federally regulated institutions. This exemption is from the registration requirements ONLY. These institutions must still comply with any and all additional requirements that are imposed by states.

**Which AMCs are exempt from state AMC registration laws? Which parts of the state AMC laws are these AMC exempt from?**

According to our estimates, there are very few AMCs that will be exempt from state AMC registration laws. In order to satisfy the requirement that an AMC be "owned and controlled" by a federally regulated institution in order to be exempt from the registration requirements, an AMC must be at least 25% owned by a federally regulated institution, and the institution must exert some control over the day to day operations of the AMC.

**Can clients consider appraisal designations in the appraiser hiring process?**

Yes. H.R. 4173 specifically states:

"Membership in a nationally recognized professional appraisal organization may be a criteria considered, though lack of membership therein shall not be the sole bar against consideration for an assignment under these criteria."

H.R. 4173 also clarifies additional components for qualifications beyond State certification, specifically:

"Criteria established by the Federal financial institutions regulatory agencies, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation...for appraiser qualifications in addition to State certification or licensing may include education achieved, experience, sample appraisals, and references from prior clients."

**Does H.R. 4173 ban Broker Price Opinions (BPOs)?**

H.R. 4173 prohibits BPOs being used as the primary basis to determine the value of a piece of property for the purpose of loan origination in conjunction with the purchase of a consumer's principle dwelling. The provision is intended to codify GSE policies that prohibit the use of BPOs in mortgage loan origination.

**Who is developing the quality control standards for AVMs?**

Under Dodd-Frank, the AVM quality control standards will be promulgated by the federal bank regulatory agencies, the Appraisal Subcommittee and the Appraisal Standards Board.

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**How much grant money will be available to state appraisal boards to assist with enforcement?**

Initial estimates indicate that as much as \$1.5 million may be available, but this figure is subject to budget considerations and the rulemaking process that will establish the actual amount paid by AMCs to the Appraisal Subcommittee in the form of registry fees.

**What are the new appraisal requirements for “higher risk mortgages”?**

Under the Dodd-Frank Act, a written appraisal will be required for all “higher risk mortgages”. The appraisal must be performed by a licensed or certified appraiser, and must include a physical property visit. Currently, appraisals are not required under federal law for residential mortgage loans below the \$250,000 *de minimis* threshold. In effect, this provision of the Dodd-Frank Act will classify all “higher risk mortgages” as federally related transactions for which appraisals are required. If the “higher risk mortgage” is being used to finance the purchase of a property that was purchased by the seller within the previous 180 days prior to the current sale, a second appraisal which includes an analysis of the differences in the sales price, changes in market conditions, and any improvement that have been made to the property must be ordered by the creditor at no cost to the borrower. The one caveat to the new requirements is that the Dodd-Frank Act permits the federal bank regulators to exempt a “class of loans” from these appraisal requirements if the agencies determine that the exemption is in the public interest and promotes the safety and soundness of creditors.

**Other Issues Relating to the Dodd-Frank Act**

**Will the Dodd-Frank Act result in a recalculation of the *de minimis* level for federally related transactions?**

Not necessarily. The Dodd-Frank Act only requires that the CFPB evaluate the *de minimis* to ensure that it provides reasonable protection for consumer who purchase 1-4 family single family dwellings:

**Does H.R. 4173 ban BPOs?**

H.R. 4173 prohibits BPOs being used as the primary basis to determine the value of a piece of property for the purpose of loan origination in conjunction with the purchase of a consumer’s principle dwelling. The provision is intended to codify GSE policies that prohibit the use of BPOs in mortgage loan origination.

**Who is developing the quality control standards for AVMs?**

Under Dodd-Frank, the AVM quality control standards will be promulgated by the federal bank regulatory agencies, the Appraisal Subcommittee and the Appraisal Standards Board.

**Do any federal requirements require lenders to use AMCs?**

No, use of AMCs is not required under Dodd-Frank or any pre-existing appraisal requirement. Lenders may engage appraisers directly without the use of third parties.

**Can lenders achieve appraisal independence compliance without outsourcing the appraisal function?**

Yes, lenders may achieve compliance with Dodd-Frank or any pre-existing appraisal independence requirement by establishing meaningful risk management practices, including separation between risk management (appraisal) and loan production.

**Can lenders maintain the appraisal function internally (as an in-house operation), without loan production involvement under Dodd-Frank or any pre-existing appraisal requirement?**

Yes, there are several ways in which sellers may staff appraisal functions internally without outsourcing the function to a third party, so long as they maintain separation between risk management functions and loan production staff. To achieve compliance the appraisal function should report to an individual or department outside

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of loan production. Some examples of eligible individuals or entities within institutions include, but are not limited to, the:

- risk management department
- credit department
- consumer lending department (with no loan production responsibilities)
- compliance office, or
- chief executive office.

Whether the appraisal function is a fully staffed appraisal department or an individual assigned with the appraisal responsibility, the function can be maintained internally where the reporting line is to someone other than loan production (e.g., any of the entities listed above). Lenders also should make sure that their policies are in compliance with any applicable federal bank regulatory policies by contacting their appropriate bank regulatory agency.

**Does Dodd-Frank or any pre-existing appraisal requirement require lenders or AMCs utilize rotational panels in making appraisal assignments.**

No, Dodd-Frank nor any other pre-existing appraisal requirements require the use of a rotational list of approved appraisers by lenders and AMCs. Appraisers should not be selected for an assignment just because they are “next on the list.” Further, lenders are under no obligation to expand the number of appraisers on their appraiser panels as a result of these requirements.

Instead, lenders and AMCs should select the appraiser on their panel that is most qualified and competent to complete the specific assignment. According to Freddie Mac Bulletin 2009-18, “Appraisers must be familiar with the local market in which the property is located, must be competent to appraise the subject property, and must have access to the data sources necessary to develop a credible appraisal.” The Freddie Mac Bulletin further states that “Some markets or properties may require that the appraiser have access to non-traditional data sources in order to provide the Seller with a credible appraisal. In such cases, the Seller should ensure that the appraiser has access to the necessary market data to support any conclusions about the market.” Lastly, Freddie Mac states that “Sellers should consider membership in a professional appraisal organization as a qualification criterion,” but that it should not be the only factor used in selecting an appraiser for an assignment.

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# APPRAISAL MANAGEMENT COMPANY DRAFT LEGISLATION

It is the intent of the legislature to provide for the regulation of those persons or entities engaged as appraisal management companies for the protection of the public and for the maintenance of high standards of professional conduct by those registered as appraisal management companies and to ensure appraisal independence in the determination of real estate valuations.

## **15.405 Same; attached boards and examining boards.**

**(10r) REAL ESTATE APPRAISERS BOARD.** (a) There is created a real estate appraisers board in the department of regulation and licensing consisting of the following members appointed for 4 year terms:

1. ~~Three~~ Five appraisers who are certified or licensed under ch. 458.
2. One assessor, as defined in s. 458.09 (1).
3. ~~Three~~ Two public members.
4. One representative of an appraisal management company.

(b) Of the appraiser members of the board, one shall be certified under s. 458.06 as a general appraiser, ~~one~~ two shall be certified under s. 458.06 as a residential appraiser and ~~one~~ two shall be licensed under s. 458.08 as an appraiser. No public member of the board may be connected with or have any financial interest in an appraisal business or in any other real estate related business. Section 15.08 (1m) (am) applies to the public members of the board. No member of the board may serve more than 2 consecutive terms.

(c) Notwithstanding s. 15.07 (4), a majority of the board constitutes a quorum to do business only if at least 2/3 of the members present are appraiser members and at least one of the members present is a public member.

## **440.03 General duties and powers of the department.**

**(13)(b)** The department may investigate whether an applicant for or holder of any of the following credentials has been charged with or convicted of a crime only pursuant to rules promulgated by the department under this paragraph, except as provided in par. (c):

1. Accountant, certified public.
2. Acupuncturist.
3. Advanced practice nurse prescriber.
4. Aesthetician.
5. Aesthetics instructor.
- 5m. Substance abuse counselor, clinical supervisor, or prevention specialist.
6. Appraiser, real estate, certified general.
7. Appraiser, real estate, certified residential.
8. Appraiser, real estate, licensed.
- 8m. Appraisal management company.
9. Architect.
10. Athletic trainer.

## **440.08 Credential renewal.**

(2) RENEWAL DATES, FEES AND APPLICATIONS. (a) Except as provided in par. (b) and in ss. 440.51, 442.04, 444.03, 444.11, 447.04 (2) (c) 2., 448.065, 449.17 (1m) (d), and 449.18 (2) (d), the renewal dates for credentials are as follows: í

- 11. Appraiser, real estate, certified general: December 15 of each odd numbered year.
- 11m. Appraiser, real estate, certified residential: December 15 of each odd numbered year.
- 12. Appraiser, real estate, licensed: December 15 of each odd numbered year.
- 12m. Appraisal management company: December 15 of each odd numbered year.
- 13. Architect: August 1 of each even numbered year.
- 14. Architectural or engineering firm, partnership or corporation: February 1 of each even numbered year.

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## Chapter 458

### SUBCHAPTER I REAL ESTATE APPRAISERS

#### **JUST FOR REFERENCE – NO CHANGES HERE**

**458.01 Definitions.** In this chapter:

- (1) "Appraisal" means an analysis, opinion or conclusion relating to the nature, quality, value or utility of specified interests in or aspects of real estate.
- (2) "Appraisal foundation" has the meaning given in 12 USC 3350(9).
- (3) "Appraisal report" means a written communication of an appraisal.
- (4) "Appraiser" means a general appraiser or residential appraiser.
- (5) "Board" means the real estate appraisers board.
- (7) "Certified appraiser" means an appraiser who is certified as a general appraiser or as a residential appraiser under s. 458.06.
- (8) "Certified general appraiser" means an individual who is certified as a general appraiser under s. 458.06.
- (9) "Certified residential appraiser" means an individual who is certified as a residential appraiser under s. 458.06.
- (9m) "Commercial real estate" means real estate other than residential real estate.
- (10) "Federally related transaction" has the meaning given in 12 USC 3350(4).
- (11) "General appraiser" means an individual who conducts appraisals of commercial real estate, or of both commercial real estate and residential real estate, without regard to transaction value.
- (11m) "Licensed appraiser" means an individual who is licensed as an appraiser under s. 458.08.
- (12) "Real estate" means an identified parcel or tract of land and any improvements to the land.
- (13) "Residential appraiser" means an individual who conducts appraisals of residential real estate or of commercial real estate having a transaction value of not more than \$250,000.
- (14) "Residential real estate" means real estate that, in the opinion of the appraiser who conducts an appraisal of the real estate, has the highest and best use as a residence of not more than 4 dwelling units.

**History:** 1989 a. 340; 1991 a. 39, 78; 1997 a. 35.

#### **JUST FOR REFERENCE – NO CHANGES HERE**

NEW

Chapter 458

SUBCHAPTER II  
APPRAISAL MANAGEMENT COMPANIES

[Note: intent is to build from the definitions in 458.01 and add additional definitions with regard to AMCs]

**458.41 Definitions.** In this subchapter, the following definitions shall apply in addition to the definitions in s. 458.01(1)-(3), (5)-(14):

(1) "Appraisal management company" means, in connection with valuing properties collateralizing mortgage loans or mortgages incorporated in a securitization, any external third party authorized either by a creditor of a consumer credit transaction secured by a consumer's principal dwelling, or by an underwriter of or other principal in the secondary mortgage markets, that directly or indirectly performs appraisal management services.

(2) "Appraisal management services" means to directly or indirectly perform any of the following functions on behalf of a lender, financial institution, client, or any other person in conjunction with a consumer credit transaction that is secured by a consumer's primary dwelling:

- (a) Administer an appraiser panel;
- (b) Recruit, retain, or select appraisers;
- (c) Qualify, verify licensing or certification, and negotiate fees and service level expectations with persons who are part of an appraiser panel;
- (d) Contract with appraisers to perform appraisal assignments;
- (e) Receive an order for an appraisal from one person, and deliver the order for the appraisal to an appraiser that is part of an appraiser panel for completion;
- (f) Manage the process of having an appraisal performed, including providing administrative duties, such as receiving appraisal orders and reports, submitting completed appraisal reports to creditors and underwriters, collecting fees from creditors and underwriters for services provided, and reimbursing appraisers for services performed;
- (g) Track and determine the status of orders for appraisals;
- (h) Conduct quality control of a completed appraisal prior to the delivery of the appraisal to the person that ordered the appraisal; or
- (i) Provide a completed appraisal performed by an appraiser to one or more clients.

(3) "Appraiser" means a person who holds a license or certification to complete an appraisal in the state where the real property that is the subject of the appraisal is located. [458.01 defines appraiser as a certified general or certified residential appraiser, not encompassing licensed appraisers (apparent historical accident), would it create problems to have two definitions?, would it cause problems to change 458.01?]

(4) "Appraisal panel" means a pool of licensed or certified appraisers who perform appraisals as independent contractors for an appraisal management company.

(5) "Appraisal review" means the act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal

assignment. "Appraisal review" does not include an examination of an appraisal for grammatical, typographical, or other similar errors that do not make a substantive valuation change.

(6) "Appraisal subcommittee" has the meaning given in 12 USC 3350(2).

(7) "Competent appraiser" means an appraiser that satisfies each provision of the Competency Rule of the Uniform Standards of Professional Appraisal Practice for a specific appraisal assignment that the appraiser has received, or may receive, from an appraisal management company.

(8) "Controlling person" means:

(a) An owner, officer or director of an appraisal management company; or

(b) An individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with other persons for the performance of appraisal management services and has the authority to enter into agreements with appraisers for the performance of appraisals; or

(c) An individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.

(9) "Federal financial institution regulatory agency" has the meaning given in 12 USC 3350(5).

(10) "Person" means an individual, firm, partnership, association, corporation, limited liability company, or any other entity.

(11) "Uniform Standards of Professional Appraisal Practice" means the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and as amended from time to time.

**458.43 General duties and powers of department and board. (1)** In addition to the other duties and powers of the department under this chapter, the department shall do all of the following:

(a) Register and supervise appraisal management companies.

(b) Submit to the board a copy of any legislation proposed by the department relating to appraisal management companies, prior to introduction in the legislature.

(c) Collect from each appraisal management company registered under this subchapter or operating as a subsidiary of a federally regulated financial institution the annual registry fee determined by the appraisal subcommittee to be a national registry fee for each appraiser on the appraiser panel of an appraisal management company pursuant to Section 1109(a)(4) of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

(d) Transmit the fees collected under sub. (c) to the appraisal subcommittee, or its successor agency, as required by federal law.

(e) Promulgate rules, as the department finds necessary, establishing professional conduct and ethical standards for appraisal management company practice not inconsistent with the provisions of this subchapter.

(f) Promulgate rules which may be reasonably necessary to implement, administer, and enforce the provisions of this subchapter.

**(2)** In addition to the other duties and powers of the board under this chapter, the board shall do all of the following:

(a) Advise the secretary on matters relating to appraisal management companies.

(b) At least once each year, submit information about appraisal management companies to the national registry.

**458.45 Advisory committee.** If the secretary creates an advisory committee on appraisal management companies under s. 15.04 (1) (c), the advisory committee shall have three members including a representative of an appraisal management company, a public member and an appraiser member of the board who shall serve as chairperson, and shall report to the board and the secretary.

**458.47 Registration required. (1)** No person may engage in the following within this state without a registration issued by the department under this subchapter:

- (a) To directly or indirectly engage or attempt to engage in business as an appraisal management company,
- (b) To directly or indirectly engage or attempt to perform appraisal management services, or
- (c) To advertise or hold itself out as engaging in or conducting business as an appraisal management company.

**(2)** All applications for registration under this section shall be submitted to the department on a form prescribed and provided by the department, and shall be accompanied by the fee specified in s. 440.05(1). The application for registration required by sub. (1) shall, at a minimum, include the following:

- (a) The name of the person seeking registration;
- (b) The business address of the person seeking registration;
- (c) Telephone contact information of the person seeking registration;
- (d) If the person seeking registration is an entity other than a corporation domiciled in this state, the name and contact information for the company's agent for service of process in this state;
- (e) The name, address, and contact information for any person that owns 10% or more of the person seeking registration;
- (f) The name, address, and contact information for one controlling person;
- (g) A certification that the person seeking registration has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license or certification in good standing;
- (h) A certification that the person seeking registration requires appraisers completing appraisals at its request to comply with the Uniform Standards of Professional Appraisal Practice, including the requirements for geographic and product competence;
- (j) A certification that the person seeking registration has a system in place to require that appraisals are conducted independently and free from inappropriate influence and coercion as required by the appraisal independence standards under Subchapter D and Section 129E of the Truth in Lending Act (15 USC 1601 et seq.) including the requirements for payment of a reasonable and customary fee to appraisers when the appraisal management company is providing services for a consumer credit transaction secured by the principal dwelling of a consumer;
- (k) A certification that the employees of the appraisal management company directly involved in providing appraisal management services, will be appropriately trained and familiar with the appraisal process to competently provide appraisal management services;

- (l) A certification that the person seeking registration maintains a detailed record of each service request that it receives and the appraiser who performs the residential real estate appraisal services for the appraisal management company;
- (m) An irrevocable consent for service of process if the person seeking registration is a nonresident entity, on a form provided by the department; and
- (n) Any other information that the department determines, by rule, is necessary to implement this subchapter.

**(3)** The department shall grant and issue an appraisal management company registration to any person which completes and submits the application and pays the fee described in sub. (2); and satisfies the requirements of this subchapter and any other requirements that the department determines, by rule, are necessary to ensure that the person is qualified to perform appraisal management services in compliance with the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; Subchapter D and Section 129E of the Truth in Lending Act (15 USC 1601 et seq.) and all other applicable federal law standards for the performance of appraisal management services.

**(4)** If the registration process required in this section has not been established as of the effective date of this subchapter, an appraisal management company may, without being registered under this subchapter, continue to provide appraisal management services in accordance with this subchapter for 180 days after a registration process becomes available.

**458.49 Expiration and renewal.** Renewal applications shall be submitted to the department on a form provided by the department on or before the applicable renewal date specified under s. 440.08(2)(a) and shall include the applicable renewal fee determined by the department under s. 440.03(9)(a).

**458.51 Exemptions.** The provisions of this subchapter do not apply to:

- (1)** A person that exclusively employs appraisers on an employer and employee basis for the performance of appraisals;
- (2)** An appraisal management company that is a subsidiary owned and controlled by a financial institution and regulated by a federal financial institution regulatory agency.

**458.53 Owner Eligibility Requirements.** **(1)** Each person applying for a registration under this subchapter shall not be owned in whole or in part, directly or indirectly, by:

- (a) A person who has had a license or certificate to act as an appraiser denied, revoked, or surrendered in lieu of revocation in any state may not own in whole or in part, directly or indirectly, an appraisal management company registered or applying for registration under this subchapter unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated.
- (b) An entity that is more than 10 percent owned by a person who has had a license or certificate to act as an appraiser denied, revoked, or surrendered in lieu of revocation in any state may not own more than 10 percent of an appraisal management company registered or applying for registration under this subchapter unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated.

**(2)** A person owning more than 10 percent of an appraisal management company registered or applying for a registration under this subchapter must:

- (a) Be of good character, as determined by the department; and
  - (b) Submit to a background investigation, as determined by the department.
- (3)** Each person applying for a registration under this subchapter shall certify to the department that:
- (a) It has reviewed each entity that owns more than 10 percent of the appraisal management company; and
  - (b) No entity reviewed under sub. (a) is more than 10 percent owned by a person who has had a license or certificate to act as an appraiser denied, revoked, or surrendered in lieu of revocation and who has not subsequently had a license or certificate to act as an appraiser granted or reinstated.
- (4)** Each person applying for a registration under this subchapter shall satisfy any other requirements that the department determines, by rule, are necessary to ensure that the owners of appraisal management companies registered under this subchapter are reputable and competent persons capable of operating a lawful appraisal management company.

**458.55 Designation of Primary Contact.** **(1)** Each person applying for registration under this subchapter shall designate one controlling person that will be the main contact for all communication between the department and the appraisal management company.

**(2)** The controlling person designated pursuant to sub. (a) shall:

- (a) Have never had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state unless the person has subsequently had a license or certificate to act as an appraiser granted or reinstated;
- (b) Be of good character, as determined by the department; and
- (c) Submit to a background investigation, as determined by the department.

**458.57 Employee Requirements.** **(1)** Each person registered under this subchapter as an appraisal management company shall not knowingly:

- (a)** Employ any person in a position in which the person has the responsibility to order appraisals or to review completed appraisals who has had a license or certificate to act as an appraiser refused, denied, cancelled, revoked, or surrendered in lieu of revocation in any state unless the license or certificate was subsequently granted or reinstated;
- (b)** Enter into any independent contractor arrangement for the provision of real estate appraisal or appraisal management services with any person who has had a license or certificate to act as an appraiser refused, denied, cancelled, revoked, or surrendered in lieu of revocation in any state unless the license or certificate was subsequently granted or reinstated; and
- (c)** Enter into any contract, agreement, or other business relationship for the provision of real estate appraisal or appraisal management services with any entity that employs, has entered into an independent contract arrangement, or has entered into any contract, agreement, or other business relationship with any person who has ever had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of revocation unless the license or certificate was subsequently granted or reinstated.

**458.59 Appraiser Competency and Appraisal Review.** **(1)** Prior to placing an assignment with an appraiser on the appraiser panel, an appraisal management company shall verify that the appraiser receiving the appraisal assignment is a competent appraiser for the performance of the appraisal being assigned.

(2) Any employee of, or independent contractor to, an appraisal management company, who performs an appraisal review shall be an appraiser licensed or certified in the state in which the property that is the subject of the appraisal is located and shall have at least the same certification as the appraiser who completed the report being reviewed.

(3) An appraisal management company registered in this state may not enter into any contracts or agreements with an appraiser for the performance of appraisals in conjunction with federally related transactions unless it verifies that the individual is licensed or certified in good standing to perform the appraisal under this chapter.

**458.61 Recordkeeping.** (1) Each person applying for registration under this subchapter shall certify to the department on an annual basis that it maintains a detailed record of:

(a) each service request that it receives and

(b) the appraiser who performs the appraisal for the appraisal management company.

(2) An appraisal management company shall retain the records required under sub. (1) of this section for a period of at least five years after an appraisal is completed, or two years after final disposition of a judicial proceeding related to the assignment, whichever is later.

**458.63 Statement of Appraiser Fees.** (1) In reporting to a client, lender, or other person, an appraisal management company shall separately state the fees:

(a) paid to the appraiser for the completion of an appraisal; and

(b) charged by the appraisal management company for appraisal management services.

(2) It shall be unlawful for an appraisal management company to knowingly:

(a) Fail to compensate an appraiser at a rate that is reasonable and customary for appraisals being performed in the market area of the property being appraised without the services of an appraisal management company;

(b) Include any fees for appraisal management services that are performed by the appraisal management company for a lender, client, or other person in the amount that it charges a lender, client, or other person for the actual completion of an appraisal by an appraiser who is part of the appraiser panel of the appraisal management company;

(c) Fail to separate any and all fees charged to a client by the appraisal management company for the actual completion of an appraisal by an appraiser from the fees charged to a lender, client, or any other person by an appraisal management company for appraisal management services;

(d) Prohibit an appraiser from recording the fee that the appraiser was paid by the appraisal management company for the performance of the appraisal within the appraisal report that is submitted by the appraiser to the appraisal management company; or

(e) Fail to separately state the fees paid to an appraiser for appraisal services and the fees charged by the appraisal management company for services associated with the management of the appraisal process to the client, borrower and any other payer.

**458.66 Appraiser Independence; Unlawful Acts.**

(1) Each appraisal management company shall ensure that appraisals are conducted independently and free from inappropriate influence and coercion pursuant to the appraisal independence standards established under Section 129E of the Truth in Lending Act (15 USC 1601 et seq.).

(2) Notwithstanding any other provision of this chapter, it shall be unlawful for any employee, controlling person, director, officer, manager, independent contractor, or agent of an appraisal management company to:

(a) Compensate, coerce, extort, collude, instruct, induce, bribe, or intimidate, or to attempt to compensate, coerce, extort, collude, instruct, induce, bribe, or intimidate a person, firm or other entity conducting or involved in an appraisal for the purpose of causing the appraised value assigned under the appraisal to the property to be based on any factor other than the independent judgment of the appraiser;

(b) Mischaracterize, or to suborn any mischaracterization of, the appraised value of a property in conjunction with a consumer credit transaction;

(c) Seek to influence an appraiser or otherwise to encourage a targeted value in order to facilitate the making or pricing of a consumer credit transaction;

(d) Withhold or threaten to withhold timely payment for an appraisal report or for appraisal services rendered when the appraisal report or services are provided in accordance with the contract between the parties;

(e) Withhold or threaten to withhold future business for an, or to demote or terminate or threaten to demote or terminate an appraiser;

(f) Expressly or impliedly promise future business, promotions, or increased compensation for an appraiser;

(g) Require an appraiser to indemnify an appraisal management company or hold an appraisal management company harmless for any liability, damage, losses, or claims arising out of the services performed by the appraisal management company, and not the services performed by the appraiser.

(h) Condition the request for an appraisal or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate or opinion requested from an appraiser;

(i) Request that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal;

(j) Provide to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions shall be provided in accordance with the Uniform Standards of Professional Appraisal Practice;

(k) Provide to an appraiser, or any entity or person related to the appraiser, stock or other financial or non-financial benefits;

(l) Allow the removal of an appraiser from an appraiser panel, without prior written notice to such appraiser;

(m) Obtain, use, or pay for a second or subsequent appraisal or order an automated valuation model in connection with a mortgage financing transaction unless there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the loan file, or unless such appraisal or automated valuation model is done pursuant to a bona fide pre- or post-funding appraisal review or quality control process; or

(n) Engage in any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality.

(3) Nothing in subsection (1) or subsection (2) of this section shall be construed as prohibiting the appraisal management company from asking an appraiser to undertake one or more of the following:

- (a) Consider additional, appropriate property information, including the consideration of additional comparable properties to make or support an appraisal;
- (b) Provide further detail, substantiation, or explanation for the appraiser's value conclusion; or
- (c) Correct errors in the appraisal report.

**458.69 Unprofessional Conduct.** An appraisal management company commits unprofessional conduct if the appraisal management company:

- (1) Requires an appraiser to modify any aspect of an the appraisal report;
- (2) Requires an appraiser to prepare an appraisal report if the appraiser, in the appraiser's own professional judgment, believes the appraiser does not have the necessary expertise for the specific geographic area;
- (3) Requires an appraiser to prepare an appraisal report under a time frame that the appraiser, in the appraiser's own professional judgment, believes does not afford the appraiser the ability to meet all the relevant legal and professional obligations;
- (4) Prohibits or inhibits communication between the appraiser and: (a) the lender; (b) a real estate licensee; or (c) any other person from whom the appraiser, in the appraiser's own professional judgment, believes information would be relevant;
- (5) Requires the appraiser to do anything that does not comply with (a) the Uniform Standards of Professional Appraisal Practice; or (b) any assignment conditions and certifications required by the client;
- (6) Makes any portion of the appraiser's fee or the appraisal management company's fee contingent on a favorable outcome, including but not limited to (a) a loan closing; or (b) a specific dollar amount being achieved by the appraiser in the appraisal report; or
- (7) Requests, for the purpose of facilitating a mortgage loan transaction, (a) a broker price opinion; or (b) any other real property price or value estimation that does not qualify as an appraisal.

**458.72 Prompt Fees Payments.** Each appraisal management company operating in this state shall, except in cases of breach of contract or substandard performance of services, make payment to an appraiser for the completion of an appraisal or valuation assignment within ninety (90) days of the date on which the appraiser transmits or otherwise provides the completed appraisal or valuation study to the appraisal management company or its assignee.

**458.75 Alteration of appraisal reports. (1)** An appraisal management company may not alter, modify, or otherwise change a completed appraisal report submitted by an appraiser by doing any of the following:

- (a) Permanently removing the appraiser's signature or seal.
  - (b) Adding information to, or removing information from, the appraisal report with an intent to change the valuation conclusion.
- (2) No registered appraisal management company may require an appraiser to provide the appraisal management company with the appraiser's digital signature or seal, but nothing in this subsection shall be deemed to prohibit an appraiser from voluntarily providing his or her digital signature to another person.

**458.78 Registration number. (1)** The department shall issue a unique registration number to each appraisal management company that is registered in this state and shall place the number upon each registration certificate prior to its issuance.

**(2)** The department shall publish annually a list of the appraisal management companies that have registered with the department pursuant to this subchapter and have been issued a registration number pursuant to sub. (1) of this section.

**458.81 Advertising.** An appraisal management company registered under this subchapter shall disclose the registration number provided to it by the department on all print and electronic advertising, including any electronic advertising or communication via the internet.

**458.83 Prohibited conduct.** No person may use the title "Wisconsin registered appraisal management company" or any similar title unless the person holds an applicable appraisal management company registration issued under s. 458.47(3).

**458.84 Adjudication of Disputes between Appraisal Management Company and**

**Appraiser. (1)** Except within the first thirty (30 days) after an appraiser is first added to the appraiser panel of an appraisal management company, an appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an appraiser, without:

- (a) Notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel of the appraisal management company;
- (b) Identifying the illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice, or a violation of state licensing or certification standards, that the appraisal management company has a reasonable basis to believe that the appraiser has engaged in; and
- (c) Providing an opportunity for the appraiser to respond to the notification by the appraisal management company.

**(2)** An appraiser who is removed from the appraiser panel of an appraisal management company for alleged illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice, or violation of state licensing or certification standards, may file a complaint with the department for a review of the decision of the appraisal management company, except that the department's review in any such case is limited to determining whether the appraisal management company has complied with sub. (1) and whether the appraiser has committed a violation of state law, state licensing or certification standards, or a violation of the Uniform Standards of Professional Appraisal Practice.

**(3)** If an appraiser files a complaint against an appraisal management company pursuant to sub. (2) of this section, the department shall adjudicate the complaint within 180-days.

**(4)** If after opportunity for hearing and review, the department determines that an appraisal management company acted improperly in removing an appraiser from the appraiser panel, or that an appraiser did not commit a violation of law, a violation of the Uniform Standards of Professional Appraisal Practice, or a violation of state licensing or certification standards, the department shall order that the appraiser be restored to the appraiser panel of the appraisal management company that was the subject of the complaint.

(5) Following the adjudication of a complaint to the department by an appraiser against an appraisal management company, an appraisal management company may not refuse to make assignments for real estate appraisal services to an appraiser, or reduce the number of assignments, or otherwise penalize the appraiser, if the department has found that the appraisal management company acted improperly in removing the appraiser from the appraiser panel.

**458.87 Disciplinary proceedings and actions. (1)** The department shall, upon motion of the board or upon its own determination, conduct investigations in regard to the action of any appraisal management company.

(2) The department shall present the findings of any investigation of an appraisal management company or an applicant for a registration under this subchapter to the board for its consideration. The department shall, upon motion of the board, and may, upon its own determination, commence disciplinary proceedings on any matter under investigation concerning an appraisal management company or applicant.

(3) Disciplinary proceedings shall be conducted by the board according to the rules promulgated under s. 440.03(1). The department may deny any registration under this chapter, and the board may conditionally or unconditionally limit, suspend or revoke any registration issued under this subchapter or reprimand the holder of a registration issued under this subchapter, if the department or board finds that the applicant for or holder of the registration has done any of the following:

(a) Made a material misstatement in an application for registration or renewal of registration under this subchapter, or in any other information furnished to the board or department.

(b) Engaged in unprofessional or unethical conduct in violation of rules promulgated under s. 458.43.

(c) Engaged in conduct while practicing as an appraiser which evidences a lack of knowledge or ability to apply professional principles or skills.

(d) Subject to ss. 111.321, 111.322 and 111.335, been arrested or convicted of an offense the circumstances of which substantially relate to the provision of appraisal management services.

(e) Advertised in a manner that is false, deceptive or misleading.

(f) Advertised, practiced or attempted to practice as an appraisal management company under another's name.

(g) Subject to ss. 111.321, 111.322 and 111.34, provided appraisal management services while the person's ability to practice was impaired by alcohol or other drugs.

(h) Provided an appraisal report where the value of real estate was based on the racial composition of the area in which the real estate is located.

(i) Violated this subchapter or any rule promulgated under this subchapter.

(4) In addition to or in lieu of a reprimand or denial, limitation, suspension or revocation of a registration under sub. (3), the board may assess against an appraisal management company or applicant for a registration under this subchapter a forfeiture of not less than \$100 nor more than \$10,000 for each violation enumerated under sub. (3).

(5) The department may seek judicial review under ch. 227 of any final decision of the board. The department shall be represented in such review proceedings by an attorney within the department. Upon request of the board, the attorney general may represent the board.

**458.92 Penalties.** Any person who violates this subchapter or any rule promulgated under this subchapter may be fined not more than \$10,000 or imprisoned for not more than 6 months or both.

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1. Not later than [date], the department shall adopt all rules, fees, and forms as added in this subchapter. [this will require a substantial ramp up time for the department]
2. The Real Estate Department at the Business School of the University of Wisconsin shall conduct a study of the reasonable and customary rates of compensation for appraisals performed by appraisers in various market areas in Wisconsin. Not later than [date], the Real Estate Department at the Business School of the University of Wisconsin shall submit to the appropriate standing committees of the legislature a report containing the findings of the study conducted. If approved this shall be forwarded to the department and the board for use as a study or survey indicating reasonable and customary fees paid to appraisers in Wisconsin.

NOTE: Chapter 2 of the Truth in Lending Act (15 U.S.C. 1631 et. seq.) was amended by Dodd-Frank to add § 129E regarding appraisal independence requirements. § 129E(i)(1) provides: “Lenders and their agents shall compensate fee appraisers at a rate that is customary and reasonable for appraisal services performed in the market area of the property being appraised. Evidence for such fees may be established by objective third-party information, such as government agency fee schedules, academic studies, and independent private sector surveys. Fee studies shall exclude assignments ordered by known appraisal management companies.”

See the interim rules implementing Section 129E of the Truth in Lending Act (TILA), which was enacted on July 21, 2010, as Section 1472 of the Dodd-Frank Wall Street Reform and Consumer Protection Act online at <http://edocket.access.gpo.gov/2010/pdf/2010-26671.pdf>.



# Memorandum

To: All Legislators

From: Tom Larson, Chief Lobbyist and Director of Legal and Public Affairs  
Debbi Conrad, Senior Attorney and Director of Legal Affairs

Date: September 26, 2011

Re: Appraisal Management Company Legislation Proposal

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The Wisconsin REALTORS® Association is proposing legislation to register and regulate Appraisal Management Companies (AMCs), as required by federal law.

## Background

AMCs are business entities that oversee a group of certified and licensed appraisers to perform real estate appraisals on behalf of mortgage lending institutions and other entities.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), the state agency regulating appraisers must also register and regulate AMCs by January 2015. Under Dodd-Frank, AMC legislation must, at minimum, require AMCs to use only licensed or certified appraisers in federally-related transactions, require that their appraisers comply with USPAP, and ensure that appraisals are performed independently and free from inappropriate influence and coercion. AMCs that are subsidiaries owned and controlled by a financial institution and regulated by a federal financial institution regulatory agency are exempt.

## Contents of Proposed AMC Legislation

This legislative proposal establishes an AMC registration and regulation process to be administered by the Real Estate Appraisal Board and the Department of Safety and Professional Services. The proposal is modeled in large part after the model AMC legislation developed by the Appraisal Institute and used by most of the other 28 states with AMC legislation on the books. This legislation protects the public and maintains high standards of professional conduct by those registered as appraisal management companies in order to ensure appraisal independence in the determination of real estate valuations.

- ◆ **Establishes “customary and reasonable” rates for appraisers** -- Dodd-Frank provides (as part of the appraiser independence standards) that AMCs must compensate appraisers at rates that are "customary and reasonable" in their geographic market area. This may be established by objective third-party information, such as government agency fee schedules, academic studies and independent private sector surveys. This legislation provides for the Real Estate

Department at the UW Business School conduct a survey/study of reasonable and customary appraiser fees that may be used by the Board as a tool to evaluate any complaints that AMCs are not paying "customary and reasonable" fees.

- ◆ **Requires disclosure of fee structure between AMCs and appraisers** -- AMCs must separately state the portion of a fee that is for the actual appraisal completed by the appraiser and the portion of the fee that is for appraisal management services.
- ◆ **Requires appraisers to meet minimum competency and performance standards** -- AMCs are prohibited from requiring an appraiser to perform an appraisal if the appraiser does not have necessary expertise for the geographical area or does not have a sufficient timeframe for completion, or if the appraisal can't not be completed in conformance with USPAP and the client assignment criteria.
- ◆ **Prohibits AMCs from influencing appraisals** -- AMCs are prohibited from exerting inappropriate influence and coercion designed to influence the outcome of the appraisal and impair appraiser objectivity and impartiality by withholding payments or future assignments, promising extra business or compensation, requiring appraiser indemnification of AMC liability, or providing target values.
- ◆ **Adds 2 Appraisers to Wisconsin's Appraiser's Board** -- The proposal adds 2 appraisers to the existing 7-person Board that is already overburdened just keeping up with the Appraisal Subcommittee requirement that all appraiser discipline be processed within one year; and changes one of the three public members to an AMC representative.

We would greatly appreciate your support for this important legislation. If you have questions, please contact us at (608) 241-2047.

## Appraisal Management Company Registration & Regulation Model Act

(as of 10/8/2009)

- (1) **Title.**
- (a) This chapter shall be known as the {State} Appraisal Management Company Registration and Regulation Act.
- (2) **Definitions.** As used in this chapter, the following terms shall have the following meaning:
- (a) “Appraisal” means the practice of developing an opinion of the value of real property in conformance with the Uniform Standards for Professional Appraisal Practice as developed by the Appraisal Foundation.
- (b) “Appraisal management company” means a person that directly or indirectly performs appraisal management services, regardless of the use of the term appraisal management company, mortgage technology provider, lender processing services, lender services, loan processor, mortgage services, real estate closing services provider, settlement services provider, real estate closing services provider, vendor management company or any other term.
- (c) “Appraisal management services” means to, directly or indirectly, perform any of the following functions on behalf of a lender, financial institution, client, or any other person:
- (i) Administer an appraiser panel;
  - (ii) To recruit, qualify, verify licensing or certification, and negotiate fees and service level expectations with persons who are part of an appraiser panel;
  - (iii) Receive an order for an appraisal from one person, and deliver the order for the appraisal to an appraiser that is part of an appraiser panel for completion;
  - (iv) Track and determine the status of orders for appraisals;
  - (v) Conduct quality control of a completed appraisal prior to the delivery of the appraisal to the person that ordered the appraisal; and
  - (vi) Provide a completed appraisal performed by an appraiser to one or more persons that have ordered an appraisal.
- (d) “Appraiser” means an individual who holds a license or certification to complete an appraisal in the state where the real property that is the subject of the appraisal is located.

- (e) “Appraiser fee schedule” means a list of the various appraisals requested by an appraisal management company from appraisers and the amount that the appraisal management company pays to an appraiser for the performance of the appraisals.
- (f) “Appraiser panel” means a network of licensed or certified appraisers who are independent contractors to the appraisal management company that have:
  - (i) Responded to an invitation, request, or solicitation from an appraisal management company, in any form, to perform appraisals for persons that have ordered appraisals through the appraisal management company, or to perform appraisals for the appraisal management company directly, on a periodic basis, as requested and assigned by the appraisal management company; and
  - (ii) Been selected, and approved, by an appraisal management company to perform appraisals for any client of the appraisal management company that has ordered an appraisal through the appraisal management company, or to perform appraisals for the appraisal management company directly, on a periodic basis, as assigned by the appraisal management company.
- (g) “Appraisal review” means the act or process of developing and communicating an opinion about the quality of another appraiser’s work that was performed as part of an appraisal assignment, except that an examination of an appraisal for grammatical, typographical, or other similar errors shall not be an appraisal review.
- (h) “Board” (*or Commission, Office, Council, etc.*) means the *{State agency with responsibility for licensing real estate appraisers}*.
- (i) “Compliant appraiser” means an appraiser that satisfies each provision of the Competency Rule of the Uniform Standards of Professional Appraisal Practice for a specific appraisal assignment that the appraiser has received, or may receive, from an appraisal management company.
- (j) “Controlling person” means
  - (i) An owner, officer or director of a corporation, partnership or other business entity seeking to offer appraisal management services in this state; or
  - (ii) an individual employed, appointed, or authorized by an appraisal management company that has the authority to enter into a contractual relationship with other persons for the performance of appraisal management services and has the authority to enter into agreements with appraisers for the performance of appraisals; or
  - (iii) an individual who possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of an appraisal management company.
- (i) “Person” means an individual, firm, partnership, association, or corporation.

(3) **Registration required.**

- (a) It is unlawful for a person to directly or indirectly engage or attempt to engage in business as an appraisal management company, to directly or indirectly engage or attempt to perform appraisal management services, or to advertise or hold itself out as engaging in or conducting business as an appraisal management company without first obtaining a registration issued by the Board under the provisions of this chapter.
- (b) The registration required by subsection (a) of this section shall, at a minimum, include the following information:
  - (i) name of the entity seeking registration;
  - (ii) business address of the entity seeking registration;
  - (iii) phone contact information of the entity seeking registration;
  - (iv) if the entity is not a corporation that is domiciled in this state, the name and contact information for the company's agent for service of process in this state;
  - (v) the name, address, and contact information for any individual or any corporation, partnership, or other business entity that owns 10% or more of the appraisal management company;
  - (vi) the name, address, and contact information for one or more controlling persons;
  - (vii) a certification that the entity has a system and process in place to verify that a person being added to the appraiser panel of the appraisal management company holds a license in good standing in this state pursuant to the *{State Real Estate Appraiser Act}* if a license or certification is required to perform appraisals, pursuant to section 14 of this chapter;
  - (viii) a certification that the entity has a system in place to review the work of all appraisers that are performing real estate appraisal services for the appraisal management company on a periodic basis to ensure that the real estate appraisal services are being conducted in accordance with Uniform Standards of Professional Appraisal Practice, pursuant to section 15 of this chapter;
  - (ix) a certification that the entity maintains a detailed record of each service request that it receives and the appraiser that performs the residential real estate appraisal services for the appraisal management company, pursuant to section 16 of this chapter;
  - (x) An irrevocable Uniform Consent to Service of Process, pursuant to Section 7 of this chapter; and
  - (xi) any other information required by the Board.

(4) **Exemptions.**

- (a) The provisions of this chapter do not apply to:
  - (i) A person that exclusively employs appraisers on an employer and employee basis for the performance of appraisals, and:

- a. the employer is responsible for ensuring that the appraisals are performed by employees in accordance with Uniform Standards of Professional Appraisal Practice; and
    - b. the employer accepts all liability associated with the performance of the appraisal by the employee.
  - (ii) A department or unit within a financial institution that is subject to direct regulation by an agency of the United States Government, or to regulation by an agency of this State, that receives a request for the performance of an appraisal from one employee of the financial institution, and another employee of the same financial institution assigns the request for the appraisal to an appraiser that is an independent contractor to the institution, except that an appraisal management company that is a wholly owned subsidiary of a financial institution shall not be considered a department or unit within a financial institution to which the provisions of this chapter do not apply;
  - (iii) A person that enters into an agreement, whether written or otherwise, with an appraiser for the performance of an appraisal, and upon the completion of the appraisal, the report of the appraiser performing the appraisal is signed by both the appraiser who completed the appraisal and the appraiser who requested the completion of the appraisal, except that an appraisal management company may not avoid the requirements of this chapter by requiring that an employee of the appraisal management company that is an appraiser to sign an appraisal that is completed by an appraiser that is part of the appraisal panel of the appraisal management company;
  - (iv) An appraisal management company that orders ten (10) or fewer appraisals in this state in a calendar year; or
  - (v) An appraisal management company that maintains an appraiser panel that consists of fifteen (15) or fewer appraisers.
- (5) **Forms.** An applicant for a registration as an appraisal management company in this State shall submit to the Board an application on a form prescribed by the Board.
- (6) **Expiration of license.** A registration granted by the Board pursuant to this chapter shall be valid for one-year from the date on which it is issued.
- (7) **Consent to Service of Process.** Each entity applying for a registration as an appraisal management company in this state shall complete an irrevocable Uniform Consent to Service of Process, as prescribed by the Board.
- (8) **Fee.** The Board shall establish by regulation the fee to be paid by each appraisal management company seeking registration under this chapter, such that the sum of the fees paid by all appraisal management companies seeking registration under this chapter shall be sufficient for the administration of this chapter, but in no case shall the fee be more than five hundred dollars.

(9) **Owner Requirements.**

- (a) An appraisal management company applying for a registration in this state shall not be more than 10% owned by:
  - (i) A person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state; or
  - (ii) An entity that is more than 10% owned by any person who has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state.
- (b) Each person that owns more than 10% of an appraisal management company in this state shall:
  - (i) Be of good moral character, as determined by the Board; and
  - (ii) Submit to a background investigation, as determined by the Board.
- (c) Each appraisal management company applying for a registration in this state shall certify to the Board that it has reviewed each entity that owns more than 10% of the appraisal management company and that no entity that owns more than 10% of the appraisal management company is more than 10% owned by any person that has had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation.

(10) **Controlling Persons.**

- (a) Each appraisal management company applying to the Board for a registration in this state shall designate one controlling person that will be the main contact for all communication between the Board and the appraisal management company.
- (b) The controlling person designated pursuant to subsection (a) of this section shall:
  - (i) Hold a license or certificate to act as an appraiser in at least one state;
  - (ii) Have never had a license or certificate to act as an appraiser refused, denied, canceled, revoked, or surrendered in lieu of a pending revocation in any state;
  - (iii) Be of good moral character, as determined by the Board; and
  - (iv) Submit to a background investigation, as determined by the Board.

(11) **Employee Requirements.**

- (a) An appraisal management company that applies to the Board for a registration to do business in this state as an appraisal management company shall not:

- (i) Employ any person who has had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation;
  - (ii) Enter into any independent contractor arrangement, whether in verbal, written, or other form, with any person who has had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation; and
  - (iii) Enter into any contract, agreement, or other business relationship, whether in verbal, written, or any other form, with any entity that employs, has entered into an independent contract arrangement, or has entered into any contract, agreement, or other business relationship, whether in verbal, written, or any other form, with any person has ever had a license or certificate to act as an appraiser in this state or in any other state, refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation.
- (11a) **Appraiser Engagement.** Prior to placing an assignment with an appraiser on the appraiser panel of an appraisal management company, the appraisal management company shall verify that the appraiser receiving the assignment is a compliant appraiser for the performance of the appraisal being assigned to the appraiser by the appraisal management company.
- (11b) **Appraisal Review.** Any employee of, or independent contractor to, the appraisal management company that performs an appraisal review shall be an appraiser licensed or certified in the state in which the property that is the subject of the appraisal is located.
- (12) **Limitations.** An appraisal management company registered in this state pursuant to this chapter may not enter into any contracts or agreements with an appraiser for the performance of appraisals unless it verifies that the individual is licensed or certified in good standing to perform the appraisal pursuant to the *{State Real Estate Appraiser Act}*.
- (13) **Pre-Engagement Certification.** Each appraisal management company seeking to be registered in this state shall certify to the Board on an annual basis on a form prescribed by the Board that the appraisal management company has a system and process in place to verify that an individual being added to the appraiser panel of the appraisal management company holds a license in good standing in this state pursuant to the *{State Real Estate Appraiser Act}*.
- (13a) **Verification of Continuing Licensure or Certification.** Each appraisal management company seeking to be registered in this state shall certify to the Board on an annual basis on a form prescribed by the Board that the appraisal management company has a system in place to verify that an individual to whom the appraisal management company is making an assignment for the completion of an appraisal has not had a license or certification as an appraiser refused, denied, cancelled, revoked, or surrendered in lieu of a pending revocation since the last time that the appraisal management company made an assignment for an appraisal to the appraiser.

(14) **Adherence to Standards.** Each appraisal management company seeking to be registered in this state shall certify to the Board on an annual basis that it has a system in place to perform an appraisal review of the work of all appraisers that are performing appraisals for the appraisal management company on a periodic basis to ensure that the appraisals are being conducted in accordance with Uniform Standards of Professional Appraisal Practice.

(15) **Annual Audit.**

- (a) Each appraisal management company registered in this state shall have an audit of the appraisals received by the appraisal management company from appraisers performed at least once annually to ensure that the appraisals being received by the appraisal management company are being performed in accordance with the Uniform Standards of Professional Appraisal Practice.
- (b) The audit required by subsection (a) of this section shall consist of, at a minimum but not limited to, a quality control test, by use of retroactive reports or additional appraisal reports or other appropriate methods, of a randomly selected 10 percent (or other bona fide statistically significant percentage) of the appraisals received by the appraisal management company.
- (c) A copy of the appraisal management company's most recent audit report, that is no more than eleven months old, shall be provided to the Board upon each renewal of an appraisal management company's registration in this state, except that an appraisal management company shall not be required to submit an audit report with its initial application for registration in this state.

(16) **Recordkeeping.**

- (a) Each appraisal management company seeking to be registered in this state shall certify to the Board on an annual basis that it maintains a detailed record of each service request that it receives and appraiser that performs the appraisal for the appraisal management company.

(17) **Appraiser fees.**

- (a) An appraisal management company that applies for registration in this state shall compensate appraisers on the appraiser panel of the appraisal management company at a rate that is reasonable and customary for appraisals being performed without the services of an appraisal management company in the market area of the property being appraised.
- (b) An appraisal management company that applies for registration in this state shall not include any fees for appraisal management services that are performed by the appraisal management company for a lender, client, or other person in the amount that it charges a lender, client, or other person for the actual completion of an appraisal by an appraiser that is part of the appraiser panel of the appraisal management company.

- (c) An appraisal management company that applies for registration in this state shall not prohibit an appraiser that is part of an appraiser panel of the appraisal management company from recording the fee that the appraiser was paid by the appraisal management company for the performance of the appraisal within the appraisal report that is submitted by the appraiser to the appraisal management company.
- (d) Any and all fees charged to a lender, client, or any other person by an appraisal management company for appraisal management services shall be separate and distinct from any and all fees charged to a client by the appraisal management company for the actual completion of an appraisal by an appraiser that is part of the appraiser panel of the appraisal management company.
- (e) An appraisal management company that applies for registration in this state shall disclose to the Board as part of the registration process if it has developed or utilizes one or more appraiser fee schedules.
- (f) An appraisal management company that applies for registration in this state and which utilizes any appraiser fee schedule shall develop the appraiser fee schedule(s) through one or more surveys of the market rates being paid to appraisers in this state for the performance of appraisals.
- (g) The surveys performed pursuant to subsections (e) of this section shall be performed utilizing statistically valid methodologies, techniques, and reliable data sources including representative samples of appraisers.
- (h) The Board may in its discretion review any appraiser fee schedule developed by an appraisal management company registered in this state to ensure that the appraiser fee schedule was developed pursuant to the requirements of subsection (e) and subsection (f) of this section.
- (i) Upon a formal request of the Board, an appraisal management company that utilizes any appraiser fee schedule shall disclose to the Board the methodologies, techniques, and data sources that were utilized to determine the amounts listed on the schedules.
- (j) Following a review of any fee schedule conducted pursuant to subsection (g) and subsection (h) of this section, the Board shall make the substantive results of the review available to the public.

(18) **Appraiser independence; prohibitions.**

- (a) It shall be unlawful for any employee, director, officer, or agent of an appraisal management company registered in this state pursuant to this chapter to influence or attempt to influence the development, reporting, or review of an appraisal through coercion, extortion, collusion, compensation, instruction, inducement, intimidation, bribery or in any other manner, including but not limited to:
  - (i) withholding or threatening to withhold timely payment for an appraisal;

- (ii) withholding or threatening to withhold future business for an, or demoting or terminating or threatening to demote or terminate an appraiser;
  - (iii) expressly or impliedly promising future business, promotions, or increased compensation for an appraiser;
  - (iv) conditioning the request for an appraisal or the payment of an appraisal fee or salary or bonus on the opinion, conclusion, or valuation to be reached, or on a preliminary estimate or opinion requested from an appraiser;
  - (v) requesting that an appraiser provide an estimated, predetermined, or desired valuation in an appraisal report, or provide estimated values or comparable sales at any time prior to the appraiser's completion of an appraisal;
  - (vi) providing to an appraiser an anticipated, estimated, encouraged, or desired value for a subject property or a proposed or target amount to be loaned to the borrower, except that a copy of the sales contract for purchase transactions may be provided;
  - (vii) providing to an appraiser, or any entity or person related to the appraiser, stock or other financial or non-financial benefits;
  - (viii) allowing the removal of an appraiser from an appraiser panel, without prior written notice to such appraiser;
  - (ix) obtaining, using, or paying for a second or subsequent appraisal or ordering an automated valuation model in connection with a mortgage financing transaction unless there is a reasonable basis to believe that the initial appraisal was flawed or tainted and such basis is clearly and appropriately noted in the loan file, or unless such appraisal or automated valuation model is done pursuant to a bona fide pre- or post-funding appraisal review or quality control process; or
  - (x) any other act or practice that impairs or attempts to impair an appraiser's independence, objectivity, or impartiality.
- (b) Nothing in subsection (a) of this section shall be construed as prohibiting the appraisal management company from requesting that an appraiser
- (i) Provide additional information about the basis for a valuation; or
  - (ii) Correct objective factual errors in an appraisal report.

(19) **Guaranty of Payment.**

- (a) Each appraisal management company operating in this state shall, except in cases of breach of contract or substandard performance of services, make payment to an appraiser for the completion of an appraisal or valuation assignment within sixty (60) days of the date on which the appraiser transmits or otherwise provides the completed appraisal or valuation study to the appraisal management company or its assignee.

(20) **Alteration of appraisal reports.** An appraisal management company may not alter, modify, or otherwise change a completed appraisal report submitted by an appraiser.

(21) **Registration number.**

- (a) The department shall issue a unique registration number to each appraisal management company that is registered in this state.
- (b) The department shall publish annually a list of the appraisal management companies that have registered with the department pursuant to this chapter and have been issued a registration number pursuant to subsection (a) of this section.

(22) **Advertising.**

- (a) An appraisal management company registered in this state shall disclose the registration number provided to it by the department on all print and electronic advertising, including any electronic advertising or communication via the internet

(23) **Adjudication of Disputes between an Appraisal Management Company and an Appraiser.**

- (a) Except within the first thirty (30 days) after an appraiser is first added to the appraiser panel of an appraisal management company, an appraisal management company may not remove an appraiser from its appraiser panel, or otherwise refuse to assign requests for real estate appraisal services to an appraiser without:
  - (i) Notifying the appraiser in writing of the reasons why the appraiser is being removed from the appraiser panel of the appraisal management company;
  - (ii) If the appraiser is being removed from the panel for illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, the nature of the alleged conduct or violation; and
  - (iii) Providing an opportunity for the appraiser to respond to the notification of the appraisal management company.
- (b) An appraiser that is removed from the appraiser panel of an appraisal management company for alleged illegal conduct, violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or violation of state licensing standards, may file a complaint with the *{Board}* for a review of the decision of the appraisal management company, except that in no case shall the Board make any determination regarding the nature of the business relationship between the appraiser and the appraisal management company which is unrelated to the actions specified in subsection (a) of this section.
- (c) If an appraiser files a complaint against an appraisal management company pursuant to subsection (b) of this section, the Board shall adjudicate the complaint within 180-days.
- (d) If after opportunity for hearing and review, the Board determines that an appraiser did not commit a violation of law, a violation of the Uniform Standards of Professional Appraisal Practice (USPAP), or a violation of state licensing standards, the Board shall order that an

appraiser be added to the appraiser panel of the appraisal management company that was the subject of the complaint without prejudice.

- (e) Following the adjudication of a complaint to the Board by an appraiser against an appraisal management company, an appraisal management company may not refuse to make assignments for real estate appraisal services to an appraiser, or reduce the number of assignments, or otherwise penalize the appraiser, if the Board has found that the appraisal management company acted improperly in removing the appraiser from the appraiser panel.

(24) **Enforcement.**

- (a) The Board may censure an appraisal management company, conditionally or unconditionally suspend or revoke any registration issued under this Act, levy fines or impose civil penalties not to exceed twenty five thousand dollars, if in the opinion of the board, an appraisal management company is attempting to perform, has performed, or has attempted to perform any of the following acts:
  - (i) Committing any act in violation of this chapter;
  - (ii) Violating any rule or regulation adopted by the board in the interest of the public and consistent with the provisions of this chapter;
  - (iii) Procuring a license for himself or anyone else by fraud, misrepresentation, or deceit

(25) **Disciplinary hearings.**

- (a) The conduct of adjudicatory proceedings in accordance with the Administrative Procedure Act for violations of this chapter is vested in the Board, such that:
  - (i) Before censuring any registrant, or suspending or revoking any registration, the board shall notify the registrant in writing of any charges made at least twenty days prior to the date set for the hearing and shall afford the registrant an opportunity to be heard in person or by counsel.
  - (ii) The written notice shall be satisfied by personal service on the controlling person of the registrant, or the registrant's agent for service of process in this state, or by sending the notice by certified mail, return receipt requested to the controlling person of the registrant to the registrant's address on file with the board.
  - (iii) The hearing on the charges shall be at a time and place prescribed by the board and in accordance with the Administrative Procedure Act.
  - (iv) The Board may make findings of fact and shall deliver or mail such findings to the registrant charged with an offense under this Act.

(26) **Rulemaking authority.**

- (a) The Board may adopt rules not inconsistent with the provisions of this chapter which may be reasonably necessary to implement, administer, and enforce the provisions of this chapter.





2011 \_\_\_\_\_ BILL \_\_\_\_\_

February , 2011 – Introduced by

[REDACTED]

1 AN ACT *to repeal* 458.02; *to renumber* 458.055; *to renumber and amend*  
2 458.01 (3) and 458.09 (1); *to amend* 15.405 (10r) (a) 2., 458.03 (1) (f), 458.095  
3 (title), 458.16 (1), 458.16 (2) and 458.21; and *to create* 458.01 (3) (a), 458.01  
4 (5m), 458.055 (2m); and *to repeal and recreate* 458.19 of the statutes; **relating to:**  
5 certification and licensure of real estate appraisers and requirements for  
6 appraisal reports and granting rule-making authority.

***Analysis by the Legislative Reference Bureau***

This bill makes changes to the licensure and certification of real estate appraisers and the requirements for appraisal reports.

***Licensure and certification***

Under current law, the Department of Regulation and Licensing (DRL) issues licenses and certificates to real estate appraisers. To obtain a license or certificate, a person must satisfy specified requirements, including education, experience, and examination requirements established in rules promulgated by DRL. Current law prohibits a person who is not licensed or certified from using a title indicating that he or she is “Wisconsin licensed,” “Wisconsin certified,” or something similar . In addition, current law prohibits a person who is not licensed or certified from describing or referring to an appraisal of real estate in this state as “W isconsin certified,” “Wisconsin licensed,” or something similar. However, current law allows

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a person who is not licensed or certified to appraise real estate or cosign an appraisal report, if the person does not violate the prohibitions described above.

This bill prohibits a person, for compensation, from performing a real estate appraisal or preparing or cosigning a real estate appraisal report, unless he or she is licensed or certified as a real estate appraiser by DRL. In addition, under the bill, a person who is not licensed or certified may not, for compensation, engage in the business or occupation of, or hold himself or herself out as, a real estate appraiser. As a result, a person who is not licensed or certified may not, for compensation, appraise real estate or cosign an appraisal report, even if he or she does not violate the current prohibitions. The bill does not affect the requirements that a person must satisfy to be licensed or certified.

There are three exceptions to the prohibitions created in the bill. First, a person licensed by DRL under current law as a real estate salesperson or broker may prepare a broker market analysis without being licensed as a real estate appraiser under the bill. Under the bill, a “broker market analysis” is an analysis used solely to establish a listing price or purchase price for a property. Second, the bill does not apply to an “assessor,” defined as a person who assesses real estate for property tax purposes for a town, village, city, or county or the Department of Revenue (DOR). Under current law, which this bill does not affect, assessors are regulated by DOR. Third, the bill’s prohibitions do not apply to an individual who is supervised by a licensed or certified appraiser, under rules to be promulgated by DRL.

In addition, the bill requires each certified or licensed appraiser to pay to DRL the annual registry fee that is required by the Federal Financial Institutions Examination Council. Under current law, a certified or licensed appraiser must pay the fee to DRL only if he or she performs, or desires to perform, appraisals in certain transactions overseen by federal agencies.

***Appraisal reports***

Under current law, an appraisal report prepared by a real estate appraiser must comply with certain requirements, including stating whether the appraiser has conducted an on-site inspection of the real estate or buildings or dwellings on the real estate.

This bill requires an appraisal report that pertains to residential real estate or vacant land also to include information about conveyances of the real estate or land within three years preceding the appraisal, including the sales prices or values of ownership interests transferred, the identities of the grantors and grantees, and the numbers assigned by the register of deeds for recording the conveyances.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 15.405 (10r) (a) 2. of the statutes is amended to read:

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1           15.405 **(10r)** (a) 2. One assessor, as defined in s. 458.09 ~~(1)~~ 458.01 (4m).

2           **SECTION 2.** 458.01 (3) of the statutes is renumbered 458.01 (3) (intro.) and  
3 amended to read:

4           458.01 **(3)** (intro.) “Appraisal report” means a written communication of an  
5 appraisal, but does not include any of the following:

6           (b) A broker market analysis.

7           **SECTION 3.** 458.01 (3) (a) of the statutes is created to read:

8           458.01 **(3)** (a) A report used to determine value for an assessment prepared by  
9 an assessor under s. 70.32.

10          **SECTION 4.** 458.01 (5m) of the statutes is created to read:

11          458.01 **(5m)** “Broker market analysis” means an analysis made by a broker or  
12 salesperson licensed under ch. 452 within the scope of the broker’s or salesperson’s  
13 licensure that is used solely to establish a listing price or to set a purchase price for  
14 a property.

15          **SECTION 5.** 458.02 of the statutes is repealed.

16          **SECTION 6.** 458.03 (1) (f) of the statutes is amended to read:

17          458.03 **(1)** (f) Promulgate rules specifying the manner in which certified  
18 appraisers and licensed appraisers shall place their titles, as described in s. 458.055  
19 (1m) (a) and (c), and certificate numbers on appraisal reports and written appraisal  
20 agreements.

21          **SECTION 7.** 458.055 of the statutes is renumbered 458.055 (1m).

22          **SECTION 8.** 458.055 (2m) of the statutes is created to read:

23          458.055 **(2m)** (a) Except as provided in par. (b), no person may, for a fee, money,  
24 or other thing of value, perform an appraisal, prepare or cosign an appraisal report,  
25 or engage in the business or occupation of, or advertise or hold himself or herself out

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1 as, or act temporarily or otherwise as an appraiser unless the person is a certified  
2 appraiser or licensed appraiser.

3 (b) Paragraph (a) does not apply to any of the following:

4 1. An assessor.

5 2. An individual who is supervised by a licensed or certified appraiser pursuant  
6 to rules promulgated by the department.

7 3. A broker or salesperson who is licensed under ch. 452 and who is performing  
8 a broker market analysis.

9 **SECTION 9.** 458.09 (1) of the statutes is renumbered 458.01 (4m) and amended  
10 to read:

11 458.01 (4m) ~~In this section, “assessor”~~ “Assessor” means an individual who  
12 assesses or has assessed the value of real estate for property tax purposes for a town,  
13 village, city, or county or the department of revenue.

14 **SECTION 10.** 458.095 (title) of the statutes is amended to read:

15 **458.095 (title) Temporary practice and use of titles; appraisers**  
16 **certified or licensed in other states.**

17 **SECTION 11.** 458.16 (1) of the statutes is amended to read:

18 458.16 (1) Each certified appraiser shall place his or her title, as described in  
19 s. 458.055 (1m) (a) and (c), and certificate number on each appraisal report and each  
20 written appraisal agreement used by the certified appraiser in conducting appraisal  
21 activities. The title and certificate number shall be placed in a manner specified by  
22 the department in the rules promulgated under s. 458.03 (1) (f). The title “Wisconsin  
23 certified residential appraiser” or “WI certified residential appraiser” may be used  
24 only on an appraisal report or written appraisal agreement pertaining to commercial

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1 real estate having a transaction value of not more than \$250,000 or to residential real  
2 estate.

3 **SECTION 12.** 458.16 (2) of the statutes is amended to read:

4 458.16 (2) Each licensed appraiser shall place his or her title, as described in  
5 s. 458.055 (1m) (a) and (c), and certificate number on each appraisal report and each  
6 written appraisal agreement used by the licensed appraiser in conducting appraisal  
7 activities. The title and certificate number shall be placed in a manner specified by  
8 the department in the rules promulgated under s. 458.03 (1) (f). The title “Wisconsin  
9 licensed appraiser” or “WI licensed appraiser” may be used only on an appraisal  
10 report or written appraisal agreement pertaining to real estate described in the rules  
11 promulgated under s. 458.03 (1) (e).

12 **SECTION 13.** 458.19 (4) of the statutes is created to read:

13 458.19 (4) If the appraisal report pertains to residential real estate or vacant  
14 land, the full sales price, or the value of the ownership interest transferred, as  
15 specified on a return submitted under s. 77.22 (1), for any conveyance of the real  
16 estate or land that was recorded by the register of deeds of the county in which the  
17 real estate or land is located within the 3 years preceding the date of the appraisal  
18 report; the identities of the grantor and grantee as specified in the return; and any  
19 number that the register of deeds assigned to the conveyance related to the recording  
20 of the conveyance. In this subsection, “conveyance” has the meaning given s. 77.21  
21 (1).

22 **SECTION 14.** 458.21 of the statutes is amended to read:

23 **458.21 Appraisals in federally related transactions; annual – Annual**  
24 **registry fee required.** Each certified appraiser or licensed appraiser who ~~—,~~  
25 regardless of whether he or she performs or desires to perform an appraisal in a

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1 federally related transaction, shall pay to the department the annual registry fee  
2 required by the federal financial institutions examination council or its successor  
3 agency.

4 **SECTION 15. Initial applicability.**

5 (1) APPRAISAL REPORTS. The treatment of section 458.19 (4) of the statutes first  
6 applies to appraisal reports prepared on the effective date of this subsection.

7 **SECTION 16. Effective date.**

8 (1) This act takes effect on the 30th day after the day of publication.

9 (END)

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