

# WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF THE DISCIPLINARY  
PROCEEDINGS AGAINST

LU M. KUMMEROW,	FINAL DECISION AND ORDER
JARROD B. PETERSON,	LS9911172APP
RESPONDENTS.	98 APP 023

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

*Lu M. Kummerow  
N9528 Argue Rd  
New Glarus, WI 53574*

*Jarrold B. Peterson  
217 South Cottage St  
Whitewater, WI 53190*

*Bureau of Business and Design Professions  
Real Estate Appraisers Board  
P.O. Box 8935  
Madison, WI 53708-8935*

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

The State of Wisconsin, Real Estate Appraisers Board, having considered the Stipulation agreement annexed-here to of the parties, in resolution of the captioned-matter, makes the following:

ORDER

NOW. THEREFORE, IT IS HEREBY ORDERED pursuant to jurisdiction and authority granted to the Board in Chapter 458, Wis. Stats., and sec. RL 2.12, Wis. Adm. Code, that the Stipulation agreement annexed-here to, filed by Complainant's attorney, shall be and hereby is incorporated, made and ordered the Final Decision and Order of the State of Wisconsin, Real Estate Appraisers Board.

Let a copy of this order be served on Respondent by certified mail

Dated this 17th day of November, 1999.

Paul Vozar

STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF THE DISCIPLINARY  
PROCEEDINGS AGAINST

LU M. KUMMEROW,	STIPULATION
JARROD B. PETERSON	98 APP 023
RESPONDENTS.	

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Respondents Lu M. Kummerow (Kummerow), Jarrod B. Peterson (Peterson), and Complainant’s Attorney, Henry E. Sanders, Division of Enforcement, having reached agreement for disposition of the captioned-matter, stipulate and agree as follows:

1. Respondent Kummerow, of N9528 Argue Rd, New Glarus, WI. 53574, was at all time material to the complaint, certified as a Certified Residential Appraiser, and has been so certified under the provisions of Ch. 458, Wis. Stats., since September 7, 1993.
2. Respondent Peterson, of 217 South Cottage Street, Whitewater, WI. 53190, was at all time material to the complaint, certified as a Certified General Appraiser, and has been so certified under the provisions of Ch. 458, Wis. Stats., since December 19, 1997.
3. This Stipulation shall be submitted to the Real Estate Appraisers Board (Board) for approval and disposition of the matter. If the terms of the Stipulation are not acceptable to the Board, then the parties shall not be bound by any of the provisions of the Stipulation.
- a. This Stipulation is dispositive of Investigative Complaint #98 APP 023.
4. Respondents have been advised of their rights to public hearings on each and every allegation of the complaint, but hereby freely and voluntarily waive their rights to hearings in this matter on the condition that all provisions of this Stipulation be acceptable to and approved by the Board.
- a. Respondents further agree to waive any appeal of the Board’s Final  
Decision and Order Adopting the Stipulation Agreement.
5. The Department received a complaint against Respondents from a personal representative/heir on an estate relating to their appraisal of estate property dated April 23, 1998. The Complainant was also interested in personally purchasing the subject real estate of the subject estate.
- a. Respondent Peterson actually performed the appraisal, but Respondent  
Kummerow reviewed and signed the report as the Supervisory Appraiser.

6. The subject property had to be appraised before the process of liquidating the assets could begin. Accordingly, Complainant hired an appraiser who performed an appraisal dated January 27, 1998, with an estimate of market value of \$310,000.00.

7. A second heir to the estate was not satisfied with the January 27, 1998, estimate of market value, and hired Respondent to conduct a second appraisal, who performed the subject appraisal dated April 23, 1998, supra, with an estimate of market value of \$442,000.00.

8. Complainant complained and alleged various violations in pertinent part. Respondents responded jointly to the allegations in pertinent part that:

After receiving the complaint "in reviewing the appraisal I did make a

mistake of making negative adjustments (-60,000) rather than positive adjustments (+60,000) for the subject property's superior condition of having a guest house. This is a mistake of subtracting value when I should have added value. There is no excuse for my mistake; I should not have made this mistake. I do not take this mistake lightly...immediately after I learned of this mistake, I updated the appraisal and prepared it to be sent to our client."

"the original value estimate for the subject property was \$442,000.00. After the mistake was corrected, the updated value estimate was \$475,000.00. The estimated value of the subject should be increased by \$35,000 (approximately 7.5%)," and that the comparables they used were derived from the MLS and it did not show the comparable located one block from the subject. The owner of one of the comparables had told them the property was purchased for lot value only and the small building was almost fully depreciated. Respondents states the adjusted value of comparable helps support their estimate of subject's land value and they estimated the rental property on the estate based on location, land value, view and lake proximity. The appraisal is based on adjusted values of a residential property that includes an income-producing component, and the 3 comparables they used were all on the same street, within walking distance of the subject. The subject was a high value property because it was a lake front house in a premium location.

9. Pursuant to policies and procedures in place, the complaint and all related documentation were sent to a case advisor, real estate appraisal expert, for review and analysis for compliance with USPAP, and the expert concluded succinctly in pertinent part that:

10. Respondents violated USPAP Standards Rule 1-1(a),...An appraiser must: be aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal, most of the value was given to the land but there were no land sales to support the land value, did not state land sales: Violated USPAP Standards Rule 1-1 (b)-(c); (b) not commit a substantial error of omission or commission that significantly affects an appraisal, and (c) not render appraisal services in a careless or negligent manner, such as a series of errors that, considered individually, may not significantly affect the results of an appraisal but which, when considered in the aggregate, would be misleading, because Respondents indicated that the guest residence (rental property) in the cost approach was given a reproduction cost new of \$29,971.00 but allocated \$60,000.00 in market approach. The \$60,000.00 adjustment was a minus adjustment and should have been a plus adjustment, thusly violated Standards Rule 1-4 (a), failed to value the site by an appropriate appraisal method or technique, all not inclusive.

11. Respondent Kummerow is subject to discipline pursuant to USPAP Standards Rule 2-5, an appraiser who signs a real property appraisal report prepared by another in any capacity accepts full responsibility for the appraisal and the contents of the appraisal report.

12. Both Respondents admits only to the conclusions relating to the \$60,000 "math adjustment error" and disagrees with the case advisor's conclusion relating to their not stating land sales etc. However, in resolution of the captioned-matters, both Respondents hereby consents and agrees to take and complete a minimum of four (4) hours of education in a USPAP Standards course, and each to pay the amount of \$250.00 a piece as part assessment of costs in resolving this matter.

13. The ordered education is to be completed within six (6) months of the effective date of the Board Order, and the ordered education shall not count or be credited towards Respondents' required continuing education; and the \$250.00 part assessment of costs shall be payable by cashier's check or money order, made payable to the Department of Regulation and Licensing, and paid at the execution of this Stipulation and submitted to the Department's disciplinary monitor:

Ted Nehring

Monitor

Division of Enforcement

P.O. Box 8935

Madison, WI 53704-8935

14. If the Respondents shall fail to take and complete the education as ordered or fail to get written permission from the Board for an extension to complete the education, then they shall respectively be considered to be in violation of the Board's Order, and may be subjected to further discipline. Proof of completion of the ordered education shall also be submitted to Ted Nehring, supra.

15. Respondents further agree that this Stipulation Agreement may be incorporated into the Board's Final Decision and Order adopting the Stipulation Agreement.

16. Respondents further agree that Complainant's Attorney Sanders, and the case advisor assigned to the complaint, may appear at any closed-deliberative meeting of the Board with respect to the Stipulation, but those appearances shall be limited solely to clarification, justification, and to statements in support of Stipulation and for no other purpose.

Lu Kummerow

November 16, 1999

Respondent

Date

Jarrold Peterson

November 16, 1999

Respondent

Date

Henry E. Sanders

November 16, 1999

Complainant's Attorney

Date