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STATE OF WISCONSIN

BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF THE DISCIPLINARY

PROCEEDINGS AGAINST:

RALPH H BAUCH,

FINAL DECISION AND ORDER

RESPONDENT

LS0110311APP

The parties to this action for the purpose of Wis. Stats. 227.3 are:

Ralph H. Bauch

W10956 Rowley Rd.

Portage, WI 53901

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-hereto of the parties, in resolution of the captioned-matters makes the following:

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED pursuant to jurisdiction and authority granted to the Board, that the Stipulation agreement annexed-hereto, 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 31st day of October, 2001.

Paul Vozar, or Designee

Real Estate Appraisers Board

IN THE MATTER OF THE DISCIPLINARY

PROCEEDINGS AGAINST:

RALPH H. BAUCH,

STIPULATION

RESPONDENT

00 APP 010

Respondent Ralph H. Bauch (Bauch), 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 Bauch of W10956 Rowley Road, Portage, Wisconsin 53901, was at all time material to the complaint, certified as a Certified Residential Appraiser (#113-9), and had been so certified under the provisions of ch.458, Wis. Stats., since October 14, 1991.

2. This Stipulation shall be submitted to the Real Estate Appraisers Board (Board) for approval and disposition of the matters. 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 informal complaint #00 APP 010.

3. Respondent has been advised of his right to a public hearing on each and every allegation of the complaint, but hereby freely and voluntarily waive his right to a hearing in this matter on the condition that all provisions of this Stipulation be acceptable to and approved by the Board.

a. Respondent further agrees to waive any appeal of the Board's Final Decision and Order adopting the Stipulation Agreement.

4. By Final Decision and Order dated November 19, 1997, Exhibit "A" attached hereto, Respondent was disciplined by the Real Estate Appraisers Board in complaint #'s 96 APP 016, and 97 APP 014.

5. The Department received an anonymous complaint against Respondent Bauch relating to an appraisal signed by Bauch's son as appraiser, and by Bauch as supervisory appraiser, with an estimate of Market Value of \$184,500, and signed on February 28, 2000 (Appraisal report #1). A Review Appraisal Report dated March 17, 2000, accompanied the subject Appraisal Report of Respondent Bauch, which indicated an estimate of Market Value as of March 17, 2000, of \$127,600.

a. Respondent's subject appraisal report was signed by Bauch's son as "Appraiser", and by Bauch as "Supervisory Appraiser", and indicated that Bauch did inspect the subject property.

6. The Review Appraisal Report indicated in pertinent part, in regards to Respondent's Appraisal report that:

a. The Appraiser's over all description of the neighborhood was not complete and accurate, that the subject property is located in a mostly commerce uses. Within ¼ mile of the subject there are 2 homes; the balances of the properties are commercial in nature which includes a plumbing, car repair, carpet, implement dealer and tavern, a ready mix concrete company and tavern are located across the street. Located one lot away from the subject to the south are a complex of vacant buildings.

(Respondent had indicated "Rural location with no definable neighborhood. Subject is located along Hwy. 51 and estimated 1 mile south of the city limits ...")

b. The Appraiser's overall description of the site was not complete and accurate, that Respondent states "Pacific Township has never adopted a county zoning regulations." According to the Columbia County Zoning Administrator Pacific Township adopted zoning regulations on March 20, 1984, and the property is presently zoned commercial.

(9/15/783, Zone B is located in a 500-year flood plane area. The Appraiser states that the property is not in any flood plane area. There is also an environmental hazard site located next door to the subject. The Department of Natural Resources for years has operated a re-remediation site which pumps polluted groundwater. The pollution was caused by leaks from a gasoline station that was operated for

many years on the site.)

c. The Appraiser's overall description of the improvements was not complete and accurate, that, Respondent does not accurately describe the buildings located on the property. There is a two car detached garage, one car detached garage and pole building mentioned in the report. No sizes are given. The appraiser failed to mention another large pole building and another commercial building that is used to repair cars on the site.

d. The Comparables used in the analysis were not truly comparable to the subject property, nor representative of the subject market, and were not the best ones available as of the effective date of the appraisal.

e. The date of sale (contract date and/or closing/settlement date), sales price, and sales or financing concessions for the Comparables could not be confirmed through the data source that Respondent indicated, that Respondent states that Comparable #2 sold for \$174,900 on 6/99, but it actually sold for \$169,500. Appraiser states that Comparable #3 sold on 2/99, but it actually sold on 5/28/96.

f. The specific data for the Comparables (time, location, design and appeal, quality of construction, age, condition, size, sales or financing concessions, etc.) was not accurate, that Respondent states that Comp #2 had 25% of the basement finished, but it had 50% finishing; Comp #3 had no basement finishing, but actually had 80% of the basement finished; Comp #3 was listed with a 2 car garage, but it actually had a 3 car garage; Comp #3 had no whirlpool, but it actually had a whirlpool. The subject footage was wrong. The dwelling calculations shows 1403 sq./ft. The appraisal shows 1430 sq./ft.

g. The individual adjustments to the Comparables were not reasonable or supported (time, location, design and appeal, quality of construction, age, condition, size, sales or financing), that above ground pools and outside whirlpools (hot tubs) are normally treated as personal property by appraisers. If they are used, minimal value is given. The appraiser uses a term "mixed average" in the view section. The view is actually a commercial building on the same site as the subject that is used to repair cars. The view of the comparable sales are of other homes or residential. There appears to be many cars in various needs of repair parked on the property.

An addendum to the Review Appraisal indicated that "the appraiser appears to have failed to explain the subject's immediate area and left pertinent information out of the appraisal report. He has given excessive value to outbuildings and amenities without proper support, with a \$900 adjustment between 2 baths vs. a 1.75 bath and an adjustment on Comparable number three for 64 sq./ft. He has defined the local market in a too exacting way."

7. Complainant also submitted a second appraisal performed by Respondent Bauch, as of March 15, 2000, which purpose was (per Respondent) "to establish a Fair Market Value for the property in its entirety. However, it was necessary to appraise the two Parcels separately. The Fair Market Value as on March 16, 2000 is \$95,000 in its entirety".

a. Respondent had appraised one Parcel at \$18,500, and the second Parcel at \$79,640.

8. Complainant complained that ... a \$3,000 error was made. If you add his \$18,500 value with his \$79,640, you do not get \$95,000, you get \$98,140. Too exacting of a number is not a probable selling price."

a. Respondent was allowed an opportunity to respond to the subject complaints.

9. Pursuant to standard procedures in place, the subject appraisal reports and all related documentation, were submitted to the case advisor, Real Estate Appraiser's expert for review and analysis for compliance with USPAP, who agreed with the complaint and related documentation, and succinctly concluded that:

"There are errors in both appraisal reports, but appraisal report #1 is the most troubling. There are several errors such as the description of the location of the subject property, the proper zoning on the property, sales data on the Comparable Properties, and square footage calculation on the subject property. The location of the subject property and its description of the neighborhood are very misleading and in violation of Standard Rule 1-1(b). The amount of errors could possibly cause a user to also look at Standard 1-1C. The most egregious error however is in the choice of Comparable Properties. The Comparable Properties chosen ... are clearly in better residential locations than the subject with no adjustment(s) being made. The use of these Comps makes the value of the subject grossly overstated ... in violation of Standard Rule 1-4(b)(comments: This rule covers the three approaches to value. See Standards Rules 2-2(a)(x), and 2-2(c)(x) for corresponding reporting requirements.)

10. Accordingly, and in addition to the above enumerated violations, Respondent Bauch is also deemed to have violated sec. 458.26(3)(c) Wis. Stats., engaged in conduct while practicing as an appraiser which evidences a

lack of knowledge or ability to apply professional principles or skills; violated secs. RL 86.01(1)-(2), (5), Wis. Adm. Code, (1) ... Appraisers shall comply with the Standards of Practice established by ch. 458, Stats., and chs. RL 80-86, and the Standards established by USPAP; (2). All appraisals performed should comply with USPAP; (5) ... Appraiser shall not knowingly omit, understate, misrepresent or conceal material facts in their appraisals.

11. Based upon the above and in settlement of these matters, Respondent Bauch hereby consents, accepts and agrees to three (3) months suspension of his certified Residential Appraiser's certification, and to pay the amount of a \$1,000.00 forfeiture; all to be effective and paid within ten (10) days of the effective date of the Board's Order adopting the Stipulation Agreement.

a. The effective date of the Board's Order is ten (10) days following execution by the Board's chairperson or designee.

12. On or before the effective date of the Board's Order, Respondent Bauch shall submit all original Real Estate Appraiser's licenses/certificates previously issued to him, and the \$1,000.00 forfeiture, to the Attention of Department's Monitor (Place the case # and word "Forfeiture" on money order/cashier's check):

Marlene Meyer

Monitor

Division of Enforcement

P.O. Box 8935

Madison, WI 53708-8935

13. The \$1,000.00 forfeiture shall be payable by cashier's check or money order made payable to the Department of Regulation and Licensing and submitted to the attention of the Department's Monitor supra.

14. Respondent agrees that this Stipulation agreement may be incorporated into the Board's Final Decision and Order adopting the Stipulation Agreement.

15. Respondent further agrees that Complainant's Attorney Sanders, and the case advisor assigned to the complaint, may appear at any 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 the Stipulation and for no other purpose.

Ralph H. Bauch 10-27-01

Respondent Date

Henry E. Sanders 10-29-01

Complainant's Attorney Date