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STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF DISCIPLINARY	:	
PROCEEDINGS AGAINST	:	FINAL DECISION AND ORDER
ERICK V. BELUS,	:	LS0802271APP
RESPONDENT.	:	

Division of Enforcement case file 07 APP 045

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

Erick V. Belus
N8319 Cardinal Pass
Ixonla, WI 53036-9451

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

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

PROCEDURAL HISTORY

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 ("Board"). The Board has reviewed this Stipulation and considers it acceptable. Accordingly, the Board adopts the attached Stipulation in this matter and makes the following Findings of Fact, Conclusions of Law, and Order:

FINDINGS OF FACT

1. Erick V. Belus is licensed in the State of Wisconsin as a Real Estate Appraiser having license # 4-1955, first granted on March 29, 2006. Mr. Belus's current address is N8319 Cardinal Pass, Ixonla, WI 53036, although his most recent address on file with the Department of Regulation and Licensing ("Department") is 1517 Jefferson Avenue, Waukesha, WI 53186.
2. On or about February 15, 2007, Ahmed Awadallah applied for licensure as a Real Estate Appraiser. In support of his application he submitted copies of reports for appraisals of property at 7718 Hwy. V in Caledonia, Wisconsin, and 21780 Mayrose Blvd. in Brookfield, Wisconsin.
3. Both appraisals submitted by Mr. Awadallah were signed by Erick V. Belus as the appraiser. The appraisal report for 21780 Mayrose Blvd. in Brookfield contained the following statement as the last entry: "Ahmed Awadallah provided assistance for Eirck V. Belus with the inspection, data analysis, and developing the appraisal report. Ahmed Awadallah spent approximately four hours assisting with this appraisal." The appraisal report for 7718 Hwy. V in Caledonia contained the following statement as the last entry: "Ahmed Awadallah provided assistance for Eirck V. Belus with the inspection, data analysis, and developing the appraisal report. Ahmed Awadallah spent approximately three hours assisting with this appraisal." This acknowledgement of Mr. Awadallah's contribution to the reports is not sufficiently detailed to determine whether or not Mr. Awadallah as an applicant actually developed the relevant approaches to value.

4. The appraisals and appraisal reports for 7718 Hwy. V in Caledonia and 21780 Mayrose Blvd. in Brookfield violate a number of Standards Rules of the Uniform Standards of Professional Appraisal Practice (USPAP).

With regard to the property at 7718 County Road V in Caledonia

5. The report violated Standards Rules (SR) 1-2(e)(i) and 2-2(b)(iii), as follows:
Neighborhood description and market conditions are boiler plate and ambiguous in nature. No statistical analysis of market conditions is given to support appraiser's conclusions. Both reports submitted for review by Mr. Awadallah, as well as a third that was signed by an appraiser other than Mr. Belus, have remarkably similar neighborhood and market condition comments, yet the reports involve diverse communities and locations with different economic, locational and market influences. Lot dimensions are inadequately listed as "irregular." The appraisal does not confirm the lot size by including a plat from numerous sources that are available in the normal course of doing business. The appraiser states that the 106 year old building has "normal physical depreciation", yet he estimates its effective age as 25 years without any narrative explanation to support this unusual estimate.

6. Mr. Belus defended the property description by saying that the neighborhood description was adjusted from applicant's description, and that the lot dimensions listed as "irregular" were corrected, both prior to being submitted to the client, although they were not adjusted or corrected in the copy of the report sent to the Department. Mr. Belus stated that his company has used a "boilerplate" response for many of their appraisals, but that they adjust the description for properties that do not fit the description; they are aware that the descriptions used are generally ambiguous, but are making efforts to provide more detailed information in the present and future. He stated to the Department (but not in the appraisal report) that the 25-year effective age of a well maintained 106-year-old dwelling with updates to the kitchen and bathroom is acceptable.

7. The report violated S.R. 1-4(a) and SR 1-1(c), as follows:
Subject is a 106-year-old farmhouse. Comparable sales #1 and #2 are competitive properties, but #3 is a 48-year-old ranch, decidedly dissimilar property. Appraiser failed to provide adequate explanation for use of this sale and relies on inapplicable boiler plate by stating that "all comparables are similar in construction and utility to the subject." Although no additional sales or listings were provided, appraiser failed to remove boiler plate beneath blank grids for sales #4, #5, and #6, stating that "adjustments to comparables on this page are consistent with those made to Comparables #1, #2, and #3."

8. Mr. Belus defended the sales approach by saying that comparables #1 and #2 are clearly the more similar properties and show a good indication of market value for the subject. Both comparables are larger, have a larger site, and are in excess of five miles from the subject. Comparable #3 is located on the same county road, has a more similar site size, and is within three miles of the subject. Despite the obvious differences in the structures, the appraiser is of the opinion that the comparable is valid, and a good indicator of market value. A more detailed explanation for the use of the comparable may have made its selection clear. The failure to remove comments regarding comparables #4, #5, and #6 was an oversight on the appraiser's part and will be corrected on all future appraisals.

9. The report violated S.R. 1-4(b) and 1-1 (a) and (c), as follows:
Although the cost approach was not developed, boiler plate wording has been left in the cost approach indicating that it was developed. The remaining economic life estimate has been stated as minus 25 years, an obvious computer or "carryover" error which should have been checked. Even though the cost approach was not developed, the appraiser states in the final reconciliation that "The value is supported by the cost approach, however, it is given secondary weight." Appraiser obviously did not take the time to proof his report.

10. Mr. Belus defended the cost approach section of the report by saying that the information contained in the area was removed before the appraisal was submitted to the client, although it was not removed from the copy of the report sent to the Department.

With regard to the property at 21780 Mayrose Boulevard in Brookfield

11. The report violated SR 1-2(e)(i) as follows:
Neighborhood description and market conditions are boiler plate and ambiguous in nature. No statistical analysis of market conditions is given to support appraiser's conclusions. Both reports submitted for review by Mr. Awadallah, as well as a third

that was signed by an appraiser other than Mr. Belus, have remarkably similar neighborhood and market condition comments, yet the reports involve diverse communities and locations with different economic, locational, and market influences. The appraiser states that the 41 year old building has “normal physical depreciation”, yet he estimates its effective age as 15 years without any narrative explanation to support this unusual estimate. The property tax figure for the applicable year is stated only as an estimate. The exact figure is readily available from the municipality. The statement, “The subject has typical features and amenities for its value range and market area” is vague and ambiguous.

12. Mr. Belus defended the property description by saying that the opinion of a 15 year effective age of a well maintained 41-year-old dwelling is acceptable. The comment “normal wear and tear” simply states that the home does not have an irregular amount of physical depreciation. Tax amount was shown as an estimate for 2006. At the time of the appraisal, the 2006 tax amounts were not available.

13. The report violated SR 1-4(a) and SR 1-1(a) and (c) as follows:
Poor comparable sale selection. Comparable #1 is over two years old, and #3 is over one year old with no explanation as to why such old transactions were utilized. Comparable #4 is a much newer dwelling from the adjacent City of Brookfield. No justification is given for the use of these sales. Adjustments to sales #3 and #4 are unsupported and would appear to at least require some explanatory commentary.

14. Mr. Belus defended the sales approach by saying that the sales date on Comparable #1 was a typographical error and that the actual sales date was corrected on the appraisal prior to being submitted to the client, though it was not corrected on the copy of the report sent to the Department. Comparable #3 is over 12 months old, but was still considered to be a reliable comparable due to its overall similarity to the subject property. Comparable #4 is from the adjacent city of Brookfield, but it is contained by the same 4 boundary roads as subject. Despite a different municipality, it lent support to the appraisal. Adjustments to Comparables #3 and #4 are to adjust for brick vs. frame construction, and the appraiser felt it was necessary to comment on adjustment. An explanation of the adjustment will be used from this point forward.

15. The report violated SR 1-4(b) as follows:
The cost approach cannot be duplicated. The Marshall Swift quality rating or effective date of cost data not provided. Appraiser fails to provide support for land value via extraction method.

16. The report violated SR 1-5 as follows:
Fails to furnish effective date of data sources for prior sales of subject and comparable sales.

17. The report violated SR 1-6 as follows:
The appraiser states “This is a complete summary appraisal report.” The correct term is a “Summary Appraisal Report.”

18. Mr. Belus responded by stating that Mr. Awadallah made a critical error in submitting these two appraisals as they were not finished products. They were unfinished appraisals that the applicant completed on his own. Belus submitted copies of the completed appraisals that were actually submitted to the clients. Fundamentally, the appraisals are the same, but the typos and mistakes were not in the finished product. Belus stated that the review appraiser’s points of “boilerplate” comments and careless mistakes have been well taken. In the future, the company will strive to make more specific comments as to the subject’s market area.

CONCLUSIONS OF LAW

1. The Wisconsin Real Estate Appraisers Board has jurisdiction to act in this matter pursuant to section 458.26 (3) of the Wisconsin Statutes and is authorized to enter into the attached Stipulation pursuant to sec. 227.44(5), Wis. Stats.

2. Respondent Erick V. Belus is subject to discipline for failing to comply with USPAP in his preparation of appraisals and appraisal reports, contrary to sections RL 86.01 (1) and (2) of the Wisconsin Administrative Code.

ORDER

NOW, THEREFORE, IT IS ORDERED that the attached Stipulation is hereby accepted.

IT IS FURTHER ORDERED that the Real Estate Appraisers license issued to Erick V. Belus shall be suspended for a period of 10 days, beginning on the 5th day after this order is signed.

IT IS FURTHER ORDERED that within nine months of the date of this Order, Erick V. Belus must successfully complete an Appraisal Institute class in Residential Appraisal Principles or Residential Appraisal Procedures, or an equivalent class at an educational institution approved by the Department of Regulation and Licensing. Mr. Belus shall submit proof of successful completion in the form of verification from the institution providing the education to the following address:

Department Monitor
Department of Regulation and Licensing,
PO Box 8935, Madison, WI 53708-8935.
Fax (608) 266-2264
Tel. (608) 261-7904

None of the education completed pursuant to this order may be used to satisfy any continuing education requirements that are or may be instituted by the Board or the Department of Regulation and Licensing. In the event Mr. Belus fails to successfully complete the educational requirements in the manner set forth, his Real Estate Appraisers license shall be suspended without further hearing and without further Order of the Board, and said suspension shall continue until further Order of the Board or until he provides to the Department proof of completion of all said educational requirements.

IT IS FURTHER ORDERED that Erick V. Belus's Real Estate Appraisers license is hereby **LIMITED** starting on the 5th business day after the date of this Order, as follows:

- Erick V. Belus shall not be allowed to supervise associate or uncertified appraisers or sign reports as a supervisory appraiser in the state of Wisconsin.

This limitation shall continue until he has completed the education ordered above. Upon reporting his education to the Department Monitor, the limitation shall automatically be terminated.

IT IS FURTHER ORDERED that Erick V. Belus pay the Department's costs of this matter in the amount of **\$347.51** within 60 days of the date of this Order. Payment shall be made by certified check or money order, payable to the Wisconsin Department of Regulation and Licensing and sent to the Department Monitor. In the event Mr. Belus fails to pay the costs within the time and in the manner as set forth above, his Real Estate Appraisers license shall be suspended without further notice, without further hearing, and without further Order of the Board, and said suspension shall continue until the full amount of said costs have been paid to the Department of Regulation and Licensing.

IT IS FURTHER ORDERED that file 07 APP 045 be closed.

Dated this 27th day of February, 2008.

WISCONSIN REAL ESTATE APPRAISERS BOARD

By: Marla Britton
A member of the Board