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STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF THE DISCIPLINARY :
PROCEEDINGS AGAINST :
 : FINAL DECISION AND ORDER
DONALD E. LINDQUIST, :
RESPONDENT. : LS0908125APP

Division of Enforcement Case No. 07 APP 022

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

Donald E. Lindquist
310 W. Elm Street
Thorp, WI 54771

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

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

The parties in this matter agree to the terms and conditions of the attached Stipulation as the final disposition of this matter, subject to the approval of the Real Estate Appraisers Board (Board). The Board has reviewed this Stipulation and considers it acceptable.

Accordingly, the Board in this matter adopts the attached Stipulation and makes the following Findings of Fact and Conclusions of Law and Order:

FINDINGS OF FACT

1. Donald E. Lindquist (D.O.B. 01/28/52) is a duly certified general and licensed appraiser in the state of Wisconsin, holding certification # 10-19, which was first granted on 08/16/91 and is current through 12/14/09.
2. Mr. Lindquist's most recent address on file with the Wisconsin Department of Regulation and Licensing is 310 W. Elm Street, Thorp, WI 54771.
3. Mr. Lindquist completed appraisals of property located at 1274 North Second Drive, Stevens Point, WI 54481 on or about September 28, 2004, and again on October 31, 2006. The subject property is a storage facility.
4. Mr. Lindquist's appraisals were reviewed by the Department and a Real Estate Appraiser Board Member acting as a case advisor, and were found to violate the Uniform Standards of Professional Appraisal Practice Standards 1-1, 1-2(e), 1-2(f), 1-4(a), 1-4(b)(ii-iii), 1-4(c), 1-4(h), 2-1, and 2-2(b)(iii, vii, viii, ix) by the following errors and problems:
 - a. Page 14, Page 16, Page 17, Page 18 - Estimated Economic Life: increased from 25 years to 30 years. The life expectancy of a building should not change when the other information about the

design, quality, and all other aspects of the buildings does not change.

- b. Page 24 & 25 -The vacant land sales do not provide sufficient detail to determine if they are comparable to the subject highest and best use as a self-storage facility. Also, sales of 25 acres, and 19.51 acres are not remotely similar to the subject to consider using in a grid. This is especially concerning when the newer report includes a land sale from March 2003 that should have been included in the older report, but was not. Also, there is no support for the adjustments made. The closest site by size in the older report supports a land value of \$1.05 per square foot.
- c. In the Exhibits on the "Calculator Cost Form" the Base Square Foot Cost went down for the Section I building, and increased for the others, when building construction costs have increased over the time from one appraisal to the next. Additionally, the quality of Section 1 building and class of construction changed when the description of the building is identical in the report. Finally, in the original report Section I & II buildings have heat which is indicated in the report, but there is no upward adjustment made for the heat in the newer report.
- d. Page 28 - "Replacement Cost New of the Structure" has Depreciation for Physical at 4%, Functional 15%, Economic 5%. In the newer report Physical has decreased to 3%, Functional has decreased to 5%, no change to economic. The Physical change has occurred due to a change in Economic Life from 25 to 30 years. There is no logic for Functional obsolescence to decrease when the reasons in the report are identical. Additionally, this is new construction of self-storage wherein there is limited partitioning, and many overhead doors. Thus, the reasoning for Functional Obsolescence does not make any sense. Finally, Economic obsolescence is applied inappropriately as economic obsolescence is a function of the affect of outside influences negatively impacting the value of the real estate. Self-storage business is a booming industry with many sales of facilities available and typical holding times are similar for similar commercial ventures.
- e. Page 33 - The Income Approach is not market oriented. There is no information in the work file to support the estimated rents of the subject. There is no data to support the appraiser's claims of collecting "lease rates" in the market place. There is also no information in the work file to support the expenses indicated. There is no support in the work file or market to support a low 5% vacancy. Also, in the oldest report, the income approach should have made allowances for lease up of the proposed facility.
- f. Page 35 - The Sales Comparison approach has multiple errors. The adjustments made to the comparable sales are not market supported, and there is no support for the adjustments in the work file. There is not sufficient information in the report to conclude how comparable the sales are to the subject. There is no breakdown of the size of units, occupancy, age, construction, location, and zoning, to determine what adjustments are appropriate. There is also no information in the work file to clarify these details.

CONCLUSIONS OF LAW

- 1. The Wisconsin Real Estate Appraisers Board has jurisdiction to act in this matter pursuant to Wis. Stat. § 458.26, and is authorized to enter in the attached Stipulation pursuant to Wis. Stat. § 227.44(5).
- 2. The conduct described above in paragraph 4 constitutes a violation of:
 - a. 2004 and 2006 USPAP Standards Rule 1-1(a,b,c), developing an appraisal;
 - b. 2004 and 2006 USPAP Standards Rule 1-2(e), property characteristics;
 - c. 2004 and 2006 USPAP Standards Rule 1-2(f), scope of work;

- d. 2004 and 2006 USPAP Standards Rule 1-4(a), sales comparison approach;
- e. 2004 and 2006 USPAP Standards Rule 1-4(b)(ii -iii), cost approach;
- f. 2004 and 2006 USPAP Standards Rule 1-4(c), income approach;
- g. 2004 and 2006 USPAP Standards Rule 1-4(h), proposed improvements;
- h. 2004 and 2006 USPAP Standards Rule 2-1, manner of reporting results; and
- i. 2004 and 2006 USPAP Standards Rule 2-2(b)(iii, vii, viii, ix), contents of summary appraisal report.

3. As a result of the above USPAP violations, Mr. Lindquist is deemed to have also violated Wis. Admin. Code § 86.01(2), thereby subjecting himself to discipline pursuant to Wis. Admin. Code § 86.01(1) and Wis. Stat. § 458.26(3)(b) and (c).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The certified general appraiser certification of Donald E. Lindquist, certification # 10-19, is hereby **REPRIMANDED**.

2. The certified general appraiser certification of Donald E. Lindquist, certification # 10-19, is hereby **LIMITED** as follows:

a. Donald E. Lindquist shall not complete appraisals of self-storage commercial properties for a period of one (1) year from the date of this Order;

b. Donald E. Lindquist shall, within one year of the date of this Order, at his own expense, successfully complete one of the following courses offered by the Appraisal Institute, or another similar course of a minimum of 16 hours that Mr. Lindquist has had pre-approved by the Board prior to taking the course, including taking and passing the exam offered for the course:

1. “Income Valuation/Small Mixed-Use Properties” (16 hours plus exam); **OR**
2. “Sales Comparison Valuation of Small, Mixed-Use Properties (16 hours plus exam).

c. Mr. Lindquist shall submit proof of the same in the form of verification from the institution providing the education to the address stated below. None of the education completed pursuant to this requirement may be used to satisfy any continuing education requirements that are or may be instituted by the Board or the Department of Regulation and Licensing, or for continuing education in any other state in which Mr. Lindquist holds a license or certification. This educational requirement limitation shall be lifted upon the Department Monitor’s receipt of the full verification of Mr. Lindquist’s successful completion of the required education.

3. Donald E. Lindquist shall, within 90 days of the date of this Order, pay **COSTS** of this matter in the amount of SIX HUNDRED AND TWENTY-FIVE DOLLARS (\$ 625.00).

4. Proof of successful course completion, any necessary course pre-approval, and payment of costs (made payable to the Wisconsin Department of Regulation and Licensing) shall be mailed, faxed or delivered to the Department Monitor at this address:

Department Monitor
Division of Enforcement
Department of Regulation and Licensing

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 any payment of the costs as set forth above or fails to complete the education as ordered, or is otherwise in violation of this order, Mr. Lindquist's certification (# 10-19) SHALL BE SUSPENDED, without further notice or hearing, until Respondent has complied with the terms of this Order.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

by: Marla K. Britton
A Member of the Board

8/12/09
Date