

# 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 :  
: FINAL DECISION AND ORDER  
RALPH H. BAUCH, :  
RESPONDENT. : ORDER0000 544

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Division of Enforcement Case No. 09 APP 042

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

Ralph H. Bauch  
W10596 Rowley Road  
Portage, WI 53901

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

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. **Ralph H. Bauch** (D.O.B. 11/25/1950) (hereinafter referred to as "Bauch") is a duly certified residential appraiser in the state of Wisconsin, holding certification # 9-113, which was first granted on 10/14/1991. Bauch's most recent address on file with the Wisconsin Department of Regulation and Licensing is W10596 Rowley Road, Portage, WI 53901.

2. Bauch prepared two appraisals of a retail fireworks store property located at the Highway CS and the I90/I94 interchange in Poynette, Wisconsin 53955 (hereinafter, the "Subject Property"). The first, dated 2/26/2009, and attached hereto as Exhibit A, was prepared for Wells Fargo, and reported an appraised value of \$260,000. The second, dated 6/12/2009, and attached hereto as Exhibit B, was prepared for Associated Bank, and reported an appraised value of \$325,000.

3. Bauch is not licensed to provide commercial land appraisals of properties worth more than \$250,000.

4. Both appraisals of the Subject Property specify that the Subject Property was appraised as vacant land.

5. The appraisals of the Subject Property were found to be in violation of the Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rules in the following respects:

a. Scope of Work Rule and Standards Rule 2-2b(vii)

Neither of the appraisals includes the required disclosure of the Scope of Work rule.

b. Standards Rule 1-1 Developing an Appraisal; Standards Rule 2-1 Report Not Misleading and Competency Rule

The appraisals conclude values of the Subject Property which differ by \$65,000, despite the fact that the appraisals were conducted over a span of less than 4 months. The later appraisal does not provide adequate or apparent reasoning for the discrepancy in value.

c. Standards Rule 1-2c Purpose and Reasonable Exposure Time; Standards Rule 2-2b(v)

Neither appraisal provides an opinion of reasonable exposure time linked to the value opinion.

d. Standards Rule 1-2e Property Characteristics; Standards Rule 2-2b(iii)

Investigation of this matter indicates that Bauch thought that municipal services were not available as of 02/09 (although sewer is reported to be available in the 02/09 report on the page titled "Facts of Consideration"), and that such services were available as of 06/09. Both reports, however, are identical in showing water supplied by private well and having the word "municipal" typed next to sanitary sewer, although the box is not checked in either of the two reports.

e. Standards Rule 1-3b Highest and Best Use; Standards Rule 2-2b(ix)

No Highest and Best Use analysis was provided in either appraisal. This makes the report a restricted report, not a summary report. The 06/09 report is identified as a summary report; the 02/09 report is not identified as to the intended reporting option.

f. Standards Rule 1-4a Sales Comparison Approach; Standards Rule 2-2b(viii)

- (1) For the 02/09 appraisal report, no sales are used. Three listings are provided. The list price for comparable 1 is \$107,500, while the listing included in the report is \$135,850. There is no explanation for the site size adjustments, and they are inconsistent (comparable 1 is adjusted at \$49,312/acre; comparables 2 & 3 are adjusted at \$80,000/acre).
- (2) For the 06/09 report, an expired listing is used (comparable 1), an active listing is used (comparable 2) and comparable 3 was a sale. Adjustments for size are again inconsistent - they are adjusted on the basis of \$77,500, \$80,000, and \$100,000 per acre, respectively.
- (3) There is no support, such as traffic flow data, in the reports or work files for the traffic adjustments or for the \$75,000 adjustment for municipal services (comparable 1, 06/09 report).
- (4) Comparable 1, 06/09 report, is identified on the MLS sheet as having a holding tank, not a septic system.

g. Standards Rule 1-6 Reconciliation; Standards Rule 2-2b(viii)

Respondent states at "Facts of Consideration" that the building must be removed before marketing at a cost of \$6,000 - \$7,500, yet it isn't clear from the report if this amount has been deducted before arriving at the indicated market value, or if it should be deducted from the indicated market value.

h. Standards Rule 1-5 Subject Listing and Sale Information; Standards Rule 2-2b(viii)

The 06/09 report reports a sale. The response indicates that the lender didn't require him to analyze the sale. USPAP clearly requires an appraiser to analyze the sale; there is no exemption if the client tells him it isn't necessary. If a client instructs an appraiser to do something contrary to USPAP, the appraiser is obligated to either decline the assignment or to educate the client as to why a USPAP rule must be followed.

## 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. The conduct described above, at paragraph 5 of the Findings of Fact, constitutes a violation of:

- a. 2008 USPAP Standards Rule 1-1;
- b. 2008 USPAP Standards Rule 1-2(c) and (e);
- c. 2008 USPAP Standards Rule 1-3(b);
- d. 2008 USPAP Standards Rule 1-4(a);
- e. 2008 USPAP Standards Rule 1-5;
- f. 2008 USPAP Standards Rule 1-6;
- g. 2008 USPAP Standards Rule 2-1
- h. 2008 USPAP Standards Rule 2-2b(v),(vii),(viii), and (ix); and
- i. 2008 USPAP Scope of Work Rule and Competency Rule.

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

## ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Respondent **Ralph H. Bauch** has provided the Department with verification of his completion of 63 hours of continuing education via the Appraisal Institute. The courses were identified as:

- a. “Basic Appraisal Principles” Course (28 hrs.);
- b. “Basic Appraisal Procedures” Course (28 hrs.); and
- c. “Business Practices and Ethics” Course (7 hrs.).

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.

2. Bauch shall, within 60 days of the date of this Order, pay **COSTS** of this matter in the amount of Eight Hundred Thirty and 85/100 DOLLARS (\$830.85).

3. 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  
P.O. Box 8935, Madison, WI 53708-8935  
Telephone (608) 267-3817, Fax (608) 266-2264

4. 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 costs as ordered, the Respondent's license (#9-113) 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 costs.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

by:

  
A Member of the Board

11/10/2010  
Date