

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



Wisconsin Department of Regulation & Licensing Access to the Public Records of the Reports of Decisions

This Reports of Decisions document was retrieved from the Wisconsin Department of Regulation & Licensing website. These records are open to public view under Wisconsin's Open Records law, sections 19.31-19.39 Wisconsin Statutes.

Please read this agreement prior to viewing the Decision:

- The Reports of Decisions is designed to contain copies of all orders issued by credentialing authorities within the Department of Regulation and Licensing from November, 1998 to the present. In addition, many but not all orders for the time period between 1977 and November, 1998 are posted. Not all orders issued by a credentialing authority constitute a formal disciplinary action.
- Reports of Decisions contains information as it exists at a specific point in time in the Department of Regulation and Licensing data base. Because this data base changes constantly, the Department is not responsible for subsequent entries that update, correct or delete data. The Department is not responsible for notifying prior requesters of updates, modifications, corrections or deletions. All users have the responsibility to determine whether information obtained from this site is still accurate, current and complete.
- There may be discrepancies between the online copies and the original document. Original documents should be consulted as the definitive representation of the order's content. Copies of original orders may be obtained by mailing requests to the Department of Regulation and Licensing, PO Box 8935, Madison, WI 53708-8935. The Department charges copying fees. *All requests must cite the case number, the date of the order, and respondent's name as it appears on the order.*
- Reported decisions may have an appeal pending, and discipline may be stayed during the appeal. Information about the current status of a credential issued by the Department of Regulation and Licensing is shown on the Department's Web Site under "License Lookup." The status of an appeal may be found on court access websites at: <http://ccap.courts.state.wi.us/InternetCourtAccess> and <http://www.courts.state.wi.us/wscca>.
- Records not open to public inspection by statute are not contained on this website.

By viewing this document, you have read the above and agree to the use of the Reports of Decisions subject to the above terms, and that you understand the limitations of this on-line database.

Correcting information on the DRL website: An individual who believes that information on the website is inaccurate may contact the webmaster at web@drl.state.wi.gov

STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF THE DISCIPLINARY	:	
PROCEEDINGS AGAINST	:	
	:	FINAL DECISION AND ORDER
BEAU B. KRIEVALDT,	:	
RESPONDENT.	:	<i>ORDER 0000687</i>

Division of Enforcement Case No. 09 APP 039

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

Beau B. Kriewaldt
1629 N. Richmond St.
Appleton, WI 54911

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, Conclusions of Law and Order:

FINDINGS OF FACT

1. Beau B. Kriewaldt ("Respondent") is a duly licensed appraiser, holding a credential as a certified residential appraiser and licensed appraiser (#9-1469), which was first granted on 02/17/2006, and is current through 12/14/2011.
2. Respondent's most recent address on file with the Wisconsin Department of Regulation and Licensing ("Department") is 1629 N. Richmond St., Appleton, WI 54911.

3. On or about 12/29/2008, Respondent completed an appraisal and appraisal report concerning property identified as 3391 Rose Haven Trail, Green Bay, Wisconsin (the "Rose Haven Property").
4. On or about 05/27/2009, the Department received a complaint against Respondent from Larry D. Handley of Chase Home Lending alleging, in part, that the Rose Haven Property appraisal evidenced multiple USPAP violations.
5. The 12/29/2008 appraisal report completed by Respondent was independently reviewed by the Department, and it was determined that the appraisal (and the accompanying reports) violated USPAP Standards Rules as follows:
 - a. S.R. 1-2(e)(i): The appraisal report identifies the Rose Haven Property as "rural." While the applicable zoning classification specifies "rural residential," investigation of the characteristics of the Rose Haven Property and its local market and review of municipal zoning regulations indicates that said property should be identified as "suburban." In relying on the zoning classification, Respondent failed to properly investigate the specifics of the Rose Haven Property and its market.
 - b. S.R. 1-2(e); S.R. 2-2(a,b,c)(iii): Respondent failed to include site dimensions of the subject site, only reporting an "irregular" shape. Since the site is not a perfect rectangle, Respondent should have included a plat map of the subject site in the report addenda. The absence of site dimensions indicates that Respondent improperly failed to investigate the shape of the site when developing a land value conclusion, which is necessary when developing site value adjustments in the sales grid.
 - c. S.R. 2-2(a,b,c)(iii): The drawing in the appraisal report indicates 2,668 square feet of gross living area ("GLA"). In contrast, MLS listing data and the assessor data sheet specify that the GLA is 2,505 square feet. The appraisal report does not provide any explanation for this discrepancy. Further, all closed sales in the sales grid have GLA superior to Respondent's reported GLA. This creates a misleading appraisal report by comparing the subject to homes with superior GLA and results in an inflated value conclusion.
 - d. S.R. 1-4(b); S.R. 2-2(a,b,c): The complaint, in part, questions the credibility of the appraisal's value conclusion as it pertains to over \$100,000.00 in recent improvements made to the subject. In Respondent's response to the complaint, he comments that "USPAP states that when paired sales cannot be found an adjustment up to the value of the amenities can be used." He was unable to point out where this is found in USPAP, and the Department has not found this concept, either. Based on this unfounded position, Respondent made condition adjustments of over \$30,000.00 to 2 of the 3 comparable sales. The work file provided by Respondent does not provide any indication that there was any analysis completed prior to determining the value of the improvements when compared to high end homes which have a similar amenity group. The list of improvements includes many items that are generally considered buyer's personal preference, and costs for items such as gutter helmets, water softener, tree removal, topsoil, window treatments, garage insulation and heat, fire pit, pond, etc. cannot be credibly evaluated on a per unit basis. The patio, fence,

central vacuum, and deck are appropriately identified in the sales grid; therefore, the market value adjustment for these items is incorrectly made twice, as Respondent included their cost in the “upgrade” adjustment based on the \$100,000.00 worth of improvements. Further, Respondent failed to consider the functional obsolescence or “super adequacy” applicable to this property in this market.

- e. S.R. 1-1(a,b,c); S.R.1-4(a); S.R. 2-2(a,b,c): The appraisal report compared the subject to sold properties that are not truly comparable and it failed to analyze two sales of similar properties in close proximity that reflect a lower value for the subject property. Additionally, the selected sales are superior to the subject in design and construction based on photos in the appraisal report.
- f. S.R. 1-1(a,b,c); S.R. 1-4(a); S.R. 2-2(a,b,c): Respondent made unsupported adjustments to the comparable sales. Two unsupported positive \$10,000.00 adjustments for view are not credible. A positive adjustment of \$2,152.00 for a site four times as large is not credible. \$1,872.00 for a site three times as large is not credible. Respondent failed to disclose the comparable sale 2 location on a golf course, but he made a positive site adjustment to the subject of more than \$11,000.00. This is not credible because sale 2’s land assessment is more than \$88,000.00, compared to the Rose Haven Property land assessment of \$32,800.00. A \$9,000.00 adjustment for 1400 square feet of below grade GLA is not credible (Sale 2). Sale 2 also had a full theater system in the basement that was overlooked in the sales grid. Lastly, online research indicates that most central vacuum systems are available for around \$2,000.00. This would not reflect market value; but Respondent’s Sale 1 \$5,000.00 adjustment for central vacuum is not credible.
- g. S.R. 1-2(c): A reasonable exposure time linked to the value opinion was not reported as required.
- h. S.R. 2-2(a,b,c)(vii): The certification does not comply with the adjustments in the appraisal report. Respondent certifies that Respondent has appraised the market value of the subject property, yet significant adjustments are based on cost rather than market value. There is no market support for the large adjustments to the comparable sales.

CONCLUSIONS OF LAW

1. The Wisconsin Real Estate Appraisers Board has jurisdiction to act in these matters pursuant to Wis. Stat. § 458.26.
2. The Wisconsin Real Estate Appraisers Board has authority to enter into this stipulated resolution of this matter pursuant to Wis. Stat. § 227.44(5).
3. Respondent’s conduct and the appraisal reports’ deficiencies described above, at paragraphs 5 of the Findings of Fact, constitute violations of the following USPAP Standards Rules:

- a. S.R. 1-1(a,b,c)
- b. S.R. 1-2(c)
- c. S.R. 1-2 (e) and (e)(i)
- d. S.R. 1-4 (a,b)
- e. S.R. 2-1
- f. S.R. 2-2 (a,b,c)
- g. S.R. 2-2 (a,b,c)(iii and vii)

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

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.

IT IS FURTHER ORDERED that:

2. The license and certification of Beau B. Kriewaldt (#9-1469) is hereby limited as follows:

- a. Respondent shall, within one (1) year of the date of this Order, successfully complete sixty (60) hours of education offered by the Appraisal Institute, or a provider **pre-approved** by the Board's monitoring liaison, including taking and passing any exam(s) offered for the courses. At least thirty (30) hours of said education must be attended in a classroom setting (not online). The education shall consist of the following courses:
 - Basic Appraisal Procedures (30 hours); and
 - Basic Appraisal Principles (30 hours).
- b. Respondent shall submit proof of completion 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, Wisconsin Department of Regulation and Licensing or similar authority in any state, and also may not be used in future attempts to upgrade his credential in any state.
- c. Respondent shall not train appraisers or prospective appraisers, nor supervise the appraisal work of others, nor sign any reports as a supervising appraiser until Respondent has received written verification that the Board, or its designee, has received and accepted Respondent's proof of completion of the education specified at paragraph 2(a) of this Order.

- d. This limitation shall be removed from Respondent's license and Respondent will be granted a full, unrestricted license after satisfying the Board or its designee that he has timely and successfully completed all of the ordered continuing education.
3. Respondent shall, within one (1) year of the date of this Order, pay COSTS of these matters in the amount of Five Hundred Forty dollars (\$540.00).
4. Proof of successful course completion and payment of costs (made payable to the Wisconsin Department of Regulation and Licensing), and any petition for removal or modification of the limitations, shall be mailed, faxed or delivered by Respondent 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
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 payment of costs or fails to comply with the continuing education as ordered and as set forth above, Respondent's license (#9-1469) 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 and completion of ordered education.
6. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE APPRAISERS BOARD

by: Maria L. Butrow 2/23/11
A Member of the Board nmH Date