

# 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  
FRANCIS J. HOLZER, :  
RESPONDENT. : ORDER 0000853

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Division of Enforcement Case No. 10 APP 016

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

Francis J. Holzer  
105 South Mound Ave  
PO Box 185  
Belmont, WI 53510-0185

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. Respondent Francis J. Holzer (dob 7/29/1963) is licensed in the State of Wisconsin as a Certified Residential Appraiser and Licensed Appraiser, having license number 09-1483, first issued on 6/7/2006 and current through 12/14/2011. Mr. Holzer's most recent address on file with the Wisconsin Department of Regulation and Licensing ("Department") is 105 South Mound Ave, PO Box 185, Belmont, WI 53813-0185.
2. Mr. Holzer was previously disciplined in resolution of Division of Enforcement case number 07 APP 034 for various USPAP violations found in a review of three commercial appraisals.

The order issued in case number 07 APP 034 on 8/13/2008 limits Mr. Holzer from doing any commercial appraisals except under the direct supervision of a Certified General Appraiser with at least 5 years of experience. Pursuant to the 8/13/2008 order, the limitation remains in effect until Mr. Holzer petitions the Board for its removal and otherwise complies with the terms of the Order, including the submission of a work log and any appraisal reports subsequently requested by the Board.

3. On 3/4/2010, the Department received a complaint against Mr. Holzer from Louis R. Jastrzembki. Mr. Holzer completed an appraisal of Mr. Jastrzembki's property located at 11555 Mount Ridge Road, Fennimore, WI 53809 ("Subject Property") on behalf of M&I Bank as part of a home loan refinance. Due to the results of the appraisal, the Bank declined to refinance the existing loan.
4. Mr. Holzer's appraisal of the Subject Property was reviewed by the Division of Enforcement and it was determined that the appraisal and appraisal report violated the Uniform Standards of Professional Appraisal Practice ("USPAP") Standards Rules (SR) as follows:
  - a. Mr. Holzer reported the appraisal on a form designed for manufactured housing. The appraiser identified the Subject Property's type of construction as a manufactured home. However, the Subject Property is a modular home. (SR2-2; Competency Rule.)
  - b. In his appraisal report, Mr. Holzer identified the type of improvements as "manufactured" instead of identifying the construction type as "modular." He reported the results of the appraisal on the 1004C form developed for use with manufactured homes and represented the physical characteristics of the subject as if the Subject Property were a manufactured home. He did not contact the manufacturer to ascertain the type of construction (SR2-1(a); Competency Rule; Scope of Work Rule.)
  - c. In his appraisal report, Mr. Holzer did not support his estimate of site value with comparable vacant land sales. While Mr. Holzer stated that four land sales were analyzed to arrive at a site value for the Subject Property, none of this data appeared in the appraiser's work file. (SR1-1(a).)
  - d. In his appraisal report, Mr. Holzer calculated the unit costs for the cost approach using data reflecting a manufactured housing construction. This resulted in an inaccurate cost approach conclusion and a much lower value for the Subject Property because it was derived from an analysis of data for a different construction quality and type. (SR1-1(a,b,c); Competency Rule.)
  - e. In his appraisal report, Mr. Holzer did not make adjustments for construction quality or depreciation of the comparables that were non-manufactured homes. Mr. Holzer also did not adjust for list price/sale price ratio of the two listed comparables that were active listings. (SR1-1(a,b,c).)
  - f. In his appraisal report, Mr. Holzer did not link a reasonable exposure time to the value opinion. (SR2-1(b).)

- g. In his appraisal report, Mr. Holzer listed the Subject Property's bedroom count as "2" instead of "3", and incorrectly listed the street number for comparable sale #2. In addition, Mr. Holzer used excessive boilerplate language in the preparation of the report. (SR1-1(c).)

### 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. By the conduct described in Findings of Fact 3.a.-3.b. and 3.d., Mr. Holzer violated the USPAP Competency Rule by: failing to recognize and understand the differences between modular and manufactured residential construction; overlooking numerous clues that should have alerted him to the fact that the subject was modular construction (not manufactured housing); incorrectly completing the cost approach using data for an inferior construction type (manufactured housing); including comments in the appraisal report that reduce the credibility of the value conclusion; using inappropriate comparable sales in the sales comparison approach; reporting the results of the appraisal on an incorrect form; and failing to maintain a complete work file.
3. By the conduct described in Findings of Fact 3.b., Mr. Holzer violated the USPAP Scope of Work Rule by: failing to expand the scope of work to include contacting the manufacturer of the subject improvements to ascertain the type of construction; and failing to comply with the client's assignment conditions (Fannie Mae Property & Appraisal Guidelines).
4. By the conduct described in Findings of Fact 3.c-3.e., Mr. Holzer violated USPAP SR 1-1(a) by: failing to provide market sales to support the estimate of site value; and failing to adjust for differences in construction quality between the subject and comparable sales.
5. By the conduct described in Findings of Fact 3.d. and 3.e., Mr. Holzer violated USPAP SR 1-1(b) by: misrepresenting the physical characteristics of the subject; incorrectly reporting the Subject Property's bedroom count; incorrectly reporting and analyzing the Subject Property's construction type; incorrectly reporting, analyzing, and adjusting comparable sales; developing an incorrect cost approach conclusion reflecting a lower value for the Subject Property because it was derived from an analysis of data for an inferior construction quality and type; using an incorrect address for Comparable Sale #2, and failing to adjust the active listings in the sales comparison approach using market derived list price/sale price ratios.
6. By the conduct described in Findings of Fact 3.d-3.e and 3.g., Mr. Holzer violated USPAP SR 1-1(c) by: incorrectly identifying the construction type; failing to correctly complete research and analysis necessary to produce a credible appraisal; and developing the cost approach in a careless and negligent manner by making a series of errors that, in the aggregate, affects the credibility of those results.

7. By the conduct described in Findings of Fact 3.b., Mr. Holzer violated the USPAP SR 2-1(a) by: incorrectly reporting the results of the appraisal on the 1004C form developed for use with manufactured homes.
8. By the conduct described in Findings of Fact 3.f., Mr. Holzer violated the USPAP SR 2-1(b) by: failing to report a reasonable exposure time linked to the value opinion as required by S.R. 1-2(c).
9. As a result of the above violations, Mr. Holzer has violated Wis. Admin. Code §§ RL 86.01(1) and (2), thereby subjecting himself to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. Respondent FRANCIS J. HOLZER is **REPRIMANDED**.

IT IS FURTHER ORDERED that:

2. The attached Stipulation is hereby accepted.
3. The Certified Residential Appraiser and Licensed Appraiser license issued to FRANCIS J. HOLZER (license number 09-1483) is hereby **LIMITED** as follows:
  - a. Francis J. Holzer shall, within one year of the date of this Order, successfully complete two of the following courses offered by the Appraisal Institute, or an equivalent course by a provider pre-approved by the Board's monitoring liaison, including taking and passing any exam offered for the courses:
    - i. Residential Market Analysis & Highest and Best Use (15 hours)
    - ii. Residential Report Writing & Case Studies (15 hours)
    - iii. Residential Site Valuation & Cost Approach (15 hours)
  - b. Francis J. Holzer 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 have been 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. The Limitation set forth above shall be removed from Respondent's license after Respondent satisfies the Board or its designee that he has successfully completed all of the ordered education. Removal of the limitation imposed in this Order is independent of any other discipline previously or subsequently ordered by the Board against the Respondent and specifically does not remove any other limitation previously or subsequently imposed on Respondent's license.

4. Francis J. Holzer shall, within 120 days of the date of this Order, pay COSTS of this matter in the amount of ONE THOUSAND AND SIXTY DOLLARS (\$1060.00).
5. Proof of successful course completion and payment of costs (made payable to the Wisconsin Department of Regulation and Licensing) shall be mailed, faxed or delivered by Respondent to the Department Monitor at the address below:

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

6. 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 as ordered or fails to comply with the ordered continuing education as set forth above, Respondent's license (#09-1483) 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 the continuing education.
7. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE APPRAISERS BOARD

by: Mark B. Chair  
A Member of the Board

5/11/2011  
Date