

WISCONSIN DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES



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STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF DISCIPLINARY
PROCEEDINGS AGAINST

STEVE F. REICH,
RESPONDENT.

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FINAL DECISION AND ORDER

0004173

Division of Legal Services and Compliance Case Nos. 13 APP 048 and 14 APP 031

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

Steve F. Reich
706 Main Street
Delafield, WI 53018

Wisconsin Real Estate Appraisers Board
P.O. Box 8366
Madison, WI 53708-8366

Division of Legal Services and Compliance
Department of Safety and Professional Services
P.O. Box 7190
Madison, WI 53707-7190

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 Steve F. Reich (dob 6/22/1948) is certified in the State of Wisconsin as a Certified General Appraiser, having certificate of licensure and certification number 1548-10, first issued on May 28, 2008 and current through December 14, 2015. Steve F. Reich's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is 706 Main Street, Delafield, Wisconsin 53018.

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2. On March 3, 2011, Respondent performed an appraisal of a multi-tenant industrial property located at W315 N7848 State Road 83, Hartland, Wisconsin.

3. On or about July 31, 2013, the Department received a complaint alleging that the subject appraisal violated the Uniform Standards of Professional Appraisal Practice (USPAP). Division of Legal Services and Compliance (Division) Case Number 13 APP 048 was subsequently opened for investigation.

4. Respondent's appraisal was reviewed by the Division and it was determined that the appraisal and appraisal report violated the USPAP Rules and/or Standards Rules (SR) (2010-2011) as follows:

- a. Respondent's work file did not contain the engagement letter or order for the appraisal, the name of the client, a copy of a October 20, 2010 appraisal report by Respondent for the same property which was sent to the client, or other relevant data for the subject property including rental information, expenses and rental comparables. [Record Keeping Rule.]
- b. Respondent used a form not intended for appraisals of commercial property. [Competency Rule, SR 2-1(a).]
- c. Respondent's certification is not similar in form to that required by USPAP. [SR 2-3.]
- d. Respondent failed to describe the support and rationale for his opinion of the highest and best use of the subject property in the report. [SR 2-2(b)(ix).]
- e. Respondent used inappropriate comparables in the sales comparison approach. [Competency Rule, SR 1-4.]
- f. Respondent failed to develop an income approach when it was necessary to develop a credible appraisal. [Scope of Work Rule, Competency Rule.]
- g. Respondent failed to adequately describe the scope of work used to develop the appraisal, failed to provide sufficient commentary for the approaches to value that he used or did not use, and failed to provide sufficient commentary for his reconciliation of the available data. [Scope of Work Rule, SR 1-6(a,b).]

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5. On August 28, 2013, Respondent performed an appraisal of property located at S55 W33415 County Road ZZ, North Prairie, Wisconsin.

6. On or about April 3, 2014, the Department received a complaint alleging that the subject appraisal violated USPAP. Division Case Number 14 APP 031 was subsequently opened for investigation.

7. Respondent's appraisal was reviewed by the Division and it was determined that the appraisal and appraisal report violated the USPAP Rules and/or Standards Rules (SR) (2012-2013) as follows:

- a. Respondent's workfile did not contain data and information supporting his analysis of the neighborhood pricing and trends in the appraisal report. [Record Keeping Rule.]
- b. Respondent failed to clearly state the intended use of the appraisal. [Scope of Work Rule, SR 1-2(b).]
- c. Respondent failed to clearly identify the reporting option he utilized in the appraisal report. [SR 2-2.]
- d. Respondent incorrectly reported the subject property's location, zoning classification and site characteristics and failed to explain how these affected the subject property's value and the intended use of appraisal. [SR 1-2(e)(i).]
- e. Respondent failed to describe the support and rationale for his opinion of the highest and best use of the subject property in the report. [SR 2-2(b)(ix).]
- f. Respondent failed to utilize relevant comparable sales, failed to report relevant features of the comparables, failed to make adjustments and made inaccurate adjustments in the sales comparison approach. [Competency Rule, SR 1-1(c), SR 1-2(e)(i), SR 1-4(a).]
- g. Respondent's certification is not similar in form to that required by USPAP. [SR 2-3.]

8. Respondent did not intend to renew his license in December 2015.

9. In resolution of this matter, Respondent neither admits nor denies the Findings of Fact but, in the interest of resolving this matter, consents to the entry of this Final Decision and Order.

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 the Findings of Fact, Steve F. Reich violated the USPAP¹ Competency Rule by failing to be competent to perform an assignment.

3. By the conduct described in the Findings of Fact, Steve F. Reich violated the USPAP (2010-2011) Scope of Work Rule by failing to determine and perform the scope of work necessary to develop credible assignment results for the appraisal assignment.

4. By the conduct described in the Findings of Fact, Steve F. Reich violated the USPAP (2012-2013) Scope of Work Rule by failing to gather and analyze information about those assignment elements that were necessary to properly identify the appraisal, appraisal review or appraisal consulting problem to be solved.

5. By the conduct described in the Findings of Fact, Steve F. Reich violated the USPAP (2010-2011) Record Keeping Section of Ethics Rule by failing to include in his workfile all other data, information, and documentation necessary to support his opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other documentation.

6. By the conduct described in the Findings of Fact, Steve F. Reich violated the USPAP (2012-2013) Record Keeping Rule by failing to include all other data, information, and documentation necessary to support his opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other documentation.

7. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 1-1(c) by rendering appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affected the credibility of those results.

8. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 1-2(b) by failing to identify the intended use of his opinions and conclusions in developing a real property appraisal.

9. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 1-2(e)(i) by failing to identify the characteristics of the property that were relevant to the type and definition of value and intended use of the appraisal, including its location and physical, legal, and economic attributes.

10. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 1-3(b) by failing to develop an opinion of the highest and best use of the real estate when necessary for credible assignment results in developing a market value opinion.

11. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 1-4 by failing to collect, verify, and analyze all information necessary for credible assignment results.

¹ Unless otherwise noted, the USPAP 2010-2011 language of the Standards Rule is identical to the USPAP 2012-2013 Standards Rule.

12. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 1-4(a) by failing to analyze such comparable sales data as were available to indicate a value conclusion when a sales comparison approach was necessary for credible assignment results.

13. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 1-6(a,b) by failing to:

- a. reconcile the quality and quantity of data available and analyzed within the approaches used; and
- b. reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at the value conclusion(s).

14. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 2-1(a) by failing to:

- a. clearly and accurately set forth the appraisal in a manner that would not be misleading; and

15. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 2-2 by failing to prominently state which option was used in preparing the appraisal report: Self-Contained Appraisal Report, Summary Appraisal Report, or Restricted Use Appraisal Report.

16. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 2-2(b)(ix) by failing to summarize the support and rationale for his opinion of the highest and best use of the subject property.

17. By the conduct described in the Findings of Fact, Steve F. Reich violated USPAP SR 2-3 by failing to include in a real property appraisal report a signed certification that is similar in content to the form provided in USPAP.

18. As a result of the above violations, Steve F. Reich has violated Wis. Admin. Code § SPS 86.01(1) and (2), and is therefore subject to discipline pursuant to Wis. Stat. § 458.26(3)(b), (c) and (i).

ORDER

1. The attached Stipulation is accepted.
2. Respondent Steve F. Reich shall not renew his Certified General Appraiser certificate of licensure and certification (number 1548-10) in December 2015 or at any time in the future.
3. Respondent shall not seek to reinstate the Certified General Appraiser certificate of licensure and certification (number 1548-10) or apply for any other license or certification as a real estate appraiser with the State of Wisconsin Department of Safety and Professional Services at any time in the future.

4. Respondent shall not use any of the titles set forth in Wis. Stat. § 458.055 following the expiration of his certification of licensure and certification (number 1548-10) on December 15, 2015.

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 certificate of licensure and certification. 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.

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

WISCONSIN REAL ESTATE APPRAISERS BOARD

by: 
A Member of the Board

8/3/2015
Date

STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN THE MATTER OF DISCIPLINARY
PROCEEDINGS AGAINST

STEVE F. REICH,
RESPONDENT.

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STIPULATION

0004173

Division of Legal Services and Compliance Case Nos. 13 APP 048 and 14 APP 031

Respondent Steve F. Reich and the Division of Legal Services and Compliance, Department of Safety and Professional Services stipulate as follows:

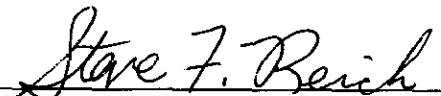
1. This Stipulation is entered into as a result of a pending investigation by the Division of Legal Services and Compliance. Respondent consents to the resolution of this investigation by Stipulation.
2. Respondent understands that by signing this Stipulation, Respondent voluntarily and knowingly waives the following rights:
 - the right to a hearing on the allegations against Respondent, at which time the State has the burden of proving those allegations by a preponderance of the evidence;
 - the right to confront and cross-examine the witnesses against Respondent;
 - the right to call witnesses on Respondent's behalf and to compel their attendance by subpoena;
 - the right to testify on Respondent's own behalf;
 - the right to file objections to any proposed decision and to present briefs or oral arguments to the officials who are to render the final decision;
 - the right to petition for rehearing; and
 - all other applicable rights afforded to Respondent under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and other provisions of state or federal law.
3. Respondent is aware of Respondent's right to seek legal representation and has been provided an opportunity to obtain legal counsel before signing this Stipulation.
4. Respondent agrees to the adoption of the attached Final Decision and Order by the Wisconsin Real Estate Appraisers Board (Board). The parties to the Stipulation consent to the entry of the attached Final Decision and Order without further notice, pleading, appearance or consent of the parties. Respondent waives all rights to any appeal of the Board's order, if adopted in the form as attached.
5. If the terms of this Stipulation are not acceptable to the Board, the parties shall not be bound by the contents of this Stipulation, and the matter shall then be returned to the Division

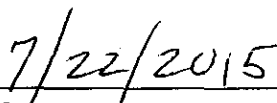
of Legal Services and Compliance for further proceedings. In the event that the Stipulation is not accepted by the Board, the parties agree not to contend that the Board has been prejudiced or biased in any manner by the consideration of this attempted resolution.

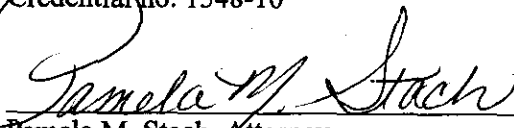
6. The parties to this Stipulation agree that the attorney or other agent for the Division of Legal Services and Compliance and any member of the Board ever assigned as an advisor in this investigation may appear before the Board in open or closed session, without the presence of Respondent, for purposes of speaking in support of this agreement and answering questions that any member of the Board may have in connection with deliberations on the Stipulation. Additionally, any such advisor may vote on whether the Board should accept this Stipulation and issue the attached Final Decision and Order.

7. Respondent is informed that should the Board adopt this Stipulation, the Board's Final Decision and Order is a public record and will be published in accordance with standard Department procedure.

8. The Division of Legal Services and Compliance joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.


Steve F. Reich, Respondent
706 Main Street
DeLafield, WI 53018
Credential no. 1548-10


Date


Pamela M. Stach, Attorney
Division of Legal Services and Compliance
P.O. Box 7190
Madison, WI 53707-7190


Date