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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
GORDON E. SVENDSEN,	:	
RESPONDENT.	:	LS 0710111 APP

Division of Enforcement Case File # 06 APP 060

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

Gordon E. Svendsen
P.O. Box 84
Union Grove, WI 53182

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

PROCEDURAL HISTORY

A disciplinary proceeding was commenced in this matter by the filing of a Notice of Hearing and Complaint with the Real Estate Appraisers Board on October 11, 2007. Prior to the hearing on the Complaint, the parties in this matter agreed to the terms and conditions of the attached Stipulation as the final disposition of this matter, subject to the approval of the 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

1. **Gordon E. Svendsen** (D.O.B. 05/13/57), is a duly certified residential appraiser in the state of Wisconsin, holding certification # 9-247 which was first granted on 12/04/91. Mr. Svendsen's most recent address on file with the Wisconsin Department of Regulation and Licensing is P.O. Box 84, Union Grove, WI 53182.

2. On or about February 21, 2006, the U.S. Department of Housing and Urban Development (HUD) issued a letter to Mr. Svendsen informing him of their intention to remove him from the FHA Appraiser Roster for six months based on deficiencies noted in the review of five appraisals performed by Mr. Svendsen.

3. HUD found that Mr. Svendsen's appraisals failed to comply with HUD rules and USPAP in the following respects: (1) failed to provide an analysis of the listing agreement for subject properties in accordance with HUD Handbook 4150.2 and the USPAP definition of Market Value, in violation of USPAP Standards Rule 1-5(a); (2) failed to use the best available comparable properties as required by HUD Handbook 4150.2, paragraph 4-6(A-2), resulting in overvaluation of subject property; (3) failed to provide accurate, specific data and adjustments for subject and comparable properties to provide accurate comparison and value determination of the subject as required by HUD Handbook 4150.2 and USPAP guidelines; (4) failed to identify required repairs for the subject property and complete the notice to the lender as required by HUD Handbook 4150.2, Section 5 and Appendix D; and (5) failed to provide a complete and accurate overall description of the subject properties in accordance with HUD Handbook 4150.2, Chapter 5, Appendix D and USPAP requirements.

4. In March 2006, Mr. Svendsen responded to the HUD findings by letter, expressing his disagreement with some of the findings.

5. By letter dated April 5, 2006, HUD notified Mr. Svendsen that he was removed from the FHA Appraiser Register for a period of six months, effective five days from the date of the April 5, 2006 letter, and was required to take a minimum of 7 hours of continuing education to be reinstated to the Roster.

6. Mr. Svendsen's appraisals that were the subject of the HUD review were reviewed by the Department of Regulation and Licensing staff and by a Real Estate Appraiser Board Case Advisor, and it was determined that Mr. Svendsen did not comply with the Uniform Standards of Professional Appraisal Practice (USPAP) in his appraisals in the following respects:

- a. USPAP Standards Rule 1-5, Subject Listing and Sale Information, and Standards Rule 2-2(b)(ix), Summarize Information Analyzed, Procedures Followed, and the Reasoning, by failing to analyze the current sales contracts or failing to detail the steps undertaken to get copies of the sales contracts, if unavailable, prior to completion of the appraisal reports.

For the property at 26910 11th Street, Town of Salem, Kenosha County, WI, appraisal dated 12/20/04, the appraisal report indicates that the subject property was offered for sale at \$137,900, had an accepted offer of \$141,500 at the time of the appraisal, and sold on 6/2001 for \$102,000. Mr. Svendsen failed to provide any explanation as to the correlation between these numbers. A sale price above a list price is a red flag for an appraiser, indicating further research was necessary. Mr. Svendsen's statement in the report that the sale "offers no loan concessions" is contradictory to the actual transaction, which inflates the market value of the property. The appraisal report states that "[t]he unavailability of the [sales] contract is explained later in the addenda section," however no such explanation can be found anywhere in the report as to why Mr. Svendsen did not review the offering documents. Mr. Svendsen's work file does not suggest he made any attempt to secure the documents of the transaction.

For the property at N2418 Bannecker, Town of Bloomfield, Walworth County, WI, appraisal dated 11/4/04, the appraisal report indicates that the subject property had a sale price of \$168,700 and the work file indicates the property was listed for \$162,000, without providing any explanation as to why the sale price was more than \$6,000.00 higher than the list price. Mr. Svendsen's statement in the report that the sale "offers no loan concessions" is contradictory to the actual transaction, which inflates the market value of the property. The appraisal report states that "[t]he unavailability of the [sales] contract is explained later in the addenda section," however no such explanation can be found anywhere in the report as to why Mr. Svendsen did not review the offering documents. Mr. Svendsen's work file does not suggest he made any attempt to secure the documents of the transaction.

For the property at 6125 246th Avenue, Town of Salem, Kenosha County, WI, appraisal dated 10/19/04, the appraisal report indicates that the subject property was offered for sale at \$119,900, had a sale price of \$124,750, and had a previous sale at \$38,000. The work file indicates a sale of the subject property for \$41,000 prior to the sale for \$38,000. Mr. Svendsen failed to provide any explanation as to the correlation between these numbers. Moreover, a sale price above a list price is a red flag for an appraiser, indicating further research was necessary. Mr. Svendsen's statement in the report that the sale "offers no loan concessions" is contradictory to the actual transaction, which inflates the market value of the property. The appraisal report states that "[t]he unavailability of the [sales] contract is explained later in the addenda section," however no such explanation can be found anywhere in the report as to why Mr. Svendsen did not review the offering documents. Mr. Svendsen's work file does not suggest he made any attempt to secure the documents of the transaction.

For the property at 1505 Owen Avenue, Racine, WI, appraisal dated 10/29/04, the appraisal report indicates that the subject property was offered for sale at \$99,900 and had a sale price of \$99,400. The Offer indicates that the seller is to provide \$2,982 in closing costs. Also, Sales 1 and 3 sold

above their list prices of \$99,900. The appraisal has a value estimate of \$104,000, and an addendum to the offer to purchase was entered into raising the sale price to \$103,000, which raised the concessions the seller paid towards the buyer's downpayment, closing costs and loan. No indications of loan concessions or adjustments were indicated on the grid. Mr. Svendsen failed to provide any explanation as to the correlation between these numbers. Mr. Svendsen's statement in the report that the sale "offers no loan concessions" is contradictory to the actual transaction, which inflates the market value of the property. The appraisal report states that "[t]he unavailability of the [sales] contract is explained later in the addenda section," however no such explanation can be found anywhere in the report as to why Mr. Svendsen did not review the offering documents. Mr. Svendsen's work file does not suggest he made any attempt to secure the documents of the transaction or to confirm the concessions paid on the sales.

For the property at 2215 William Street, Racine, WI, appraisal dated 11/19/04, the appraisal report indicates that the subject property was offered for sale at \$125,900, had a sale price of \$132,695, and sold on 3/2003 for \$100,000. Mr. Svendsen failed to provide any explanation as to the correlation between these numbers. Moreover, a sale price above a list price is a red flag for an appraiser, indicating further research was necessary. Also, Sale 1 and Sale 2 sold above their respective list prices of \$128,900 and \$134,900, indicating that concessions were contained in these sales as well. Mr. Svendsen's statement in the report that the sale "offers no loan concessions" is contradictory to the actual transaction, which inflates the market value of the property. The appraisal report states that "[t]he unavailability of the [sales] contract is explained later in the addenda section," however no such explanation can be found anywhere in the report as to why Mr. Svendsen did not review the offering documents. Mr. Svendsen's work file does not suggest he made any attempt to secure the documents of the transaction.

- b. USPAP Standards Rule 1-1, Developing an Appraisal, and Standards Rule 2-2(b)(ix), Summarize Information Analyzed, Procedures Followed, and the Reasoning, by failing to provide adequate reasoning for the adjustments made or for failing to make adjustments.

For the property at 26910 11th Street, Town of Salem, Kenosha County, WI, Sale 1 is indicated as having a lake view and Sale 3 is indicated as having lake front/access, a boat slip and a guest house with wood burning stove. There is no indication in the grid for these amenities or an adjustment for their superior features. The work file indicates Sale 2 as having "updated bathroom and kitchen" with no adjustment. There is inadequate reasoning provided for adjustments to sales.

For the property at 6125 246th Avenue, Town of Salem, Kenosha County, WI, Sale 3 sold above its list price of \$124,900, and the MLS sheet indicates that it has a lake view. There is no indication in the grid for these items requiring adjustment.

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. Respondent Gordon E. Svendsen, by his conduct as set forth above in the Findings of Fact ¶ 3, has violated USPAP Ethics Rule, Conduct and Wis. Admin. Code § 86.01(11).
3. Respondent Gordon E. Svendsen, by his conduct as set forth above in Findings of Fact ¶ 6, has violated USPAP Standards Rules 1-1, 1-5, and 2-2(b)(ix).
4. As a result of the above USPAP violations, Mr. Svendsen is also deemed to have violated Wis. Stat. § 458.26(3)(c), and Wis. Admin. Code § RL 86.01(2), by engaging in conduct while practicing as an appraiser which evidences a lack of knowledge or ability to apply professional principles or skills.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The certification of **Gordon E. Svendsen**, certification #9-247 is hereby **REPRIMANDED**.
2. The certification of **Gordon E. Svendsen**, certification #9-247, is hereby **LIMITED** as follows:
 - a. Mr. Svendsen shall, within 180 days of the date of this Order, successfully complete the following educational courses: (1) “Advanced Sales Comparison and Cost Approaches” course offered by the Appraisal Institute or an equivalent course pre-approved by the Department Monitor, including taking and successfully passing the exam offered for the course; and (2) “Residential Case Study” course offered by the Appraisal Institute or an equivalent course pre-approved by the Department Monitor, including taking and successfully passing any exam offered for the course, Mr. Svendsen shall submit proof of the same in the form of verification from the institution providing the education to Department Monitor at 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.
 - b. Mr. Svendsen shall complete no more than 5 appraisals per week and shall not supervise any other appraisers. These limitations shall remain in place until Mr. Svendsen successfully petitions the Board for removal of these limitations. The earliest such petition may be filed is six (6) months from the date of successful completion of the education required in paragraph a. A petition for removal of these limitations shall be accompanied by a roster of all appraisals performed by him from the date of signing of the Order. The Board’s Monitoring Liaison may select up to three appraisals from the roster to be reviewed. Respondent shall provide complete copies of the appraisals selected and all associated work files within 5 business days of receiving notice. Further USPAP errors found in any of the appraisal reports reviewed may be grounds for further discipline and grounds for denial of the petition for removal of the limitations..
3. Respondent **Gordon E. Svendsen** shall pay **COSTS** of this matter in the amount of \$ 1,200.00, according to the following schedule:

PAYMENT DUE DATE	PAYMENT AMOUNT
March 31, 2008	\$400.00
June 30, 2008	\$400.00
September 30, 2008	\$400.00

4. Proof of successful class completion 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
P.O. Box 8935, Madison, WI 53708-8935
Telephone (608) 261-7904, 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 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. Svendsen's certification (# 9-247) 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 Britton
A Member of the Board

2/27/08
Date