

WISCONSIN DEPARTMENT OF REGULATION & LICENSING



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**STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD**

IN RE DISCIPLINARY PROCEEDINGS	:	
AGAINST	:	
	:	FINAL DECISION AND ORDER
FRANK E. VERGES,	:	
	:	LS09100710APP
	:	
RESPONDENT.	:	

Division of Enforcement Case No. 07 APP 132

The parties to this action for the purposes of Wis. Stats. Sec. 227.53 are:

Frank E. Verges
4412 South 65th Street
Greenfield, WI 53220

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

PROCEDURAL HISTORY

The parties in this matter agree to the terms and conditions of the attached Stipulation as the final decision of the matter, subject to the approval of the Real Estate Appraisers Board. The Board has reviewed the Stipulation agreement annexed to this Final Decision and Order, and considers it acceptable. Accordingly, the Board adopts the attached Stipulation and makes the following:

FINDINGS OF FACT

1. Respondent Frank E. Verges (“Verges”), whose last known address of record with the Department of Regulation and Licensing (“Department”) is 4412 South 65th Street, Greenfield, WI 53220, and whose date of birth is March 9, 1967, possesses a certificate of licensure as a licensed appraiser (#4-1476). The license was first granted on August 6, 2002, and will expire on December 15, 2009.

2. On January 15, 2007, Mr. Verges conducted an appraisal of real property located at 1851 North 2nd Street, Milwaukee, WI.

3. Mr. Verges wrote the following in his appraisal report regarding the subject property: “It was apparent to the appraiser at the time of the inspection that no major repairs were needed.... The foundation is assumed to be trouble-free.” Mr. Verges rated the condition of the subject property as “good.” Mr. Verges reported the effective age of the property as five years, even though the property was over 100 years old. Mr. Verges selected as comparable properties homes from the area which were 2-4 years, old, but which were built in the same style as the subject. Mr. Verges supported his opinions regarding the condition of the subject property with photographs of the interior and exterior. The photographs showed that the process of remodeling the interior was nearly complete, and that some exterior improvements were in progress as well.

4. Mr. Verges’ report was not accurate. Mr. Verges conducted his appraisal “as-is,” and not subject to completion. Mr. Verges denominated the report as a “self-contained” report. Nowhere in the report does Mr. Verges refer to the unfinished remodeling efforts. Additionally, a review of both the photographs that he included with the report, and other photographs taken subsequent to the report, showed that the exterior siding was defective. Specifically, there were gaps and holes in the siding, allowing for penetration by pests and moisture. Photographs taken after the appraisal also show extensive mold damage, which may have been promoted by the penetration of moisture. Moreover, a review of publically available City

of Milwaukee ordinance citations issued for the subject property prior to the date of the appraisal cited defects in both the siding and foundation. Furthermore, subsequent to the appraisal the property-owner was prosecuted for a failure to cure these same defects. Mr. Verges states that he does not routinely check for City of Milwaukee ordinance citations as part of the appraisal process.

5. A review of the appraisal report shows violations of the applicable Uniform Standards of Professional Appraisal Practice (USPAP) including, but not limited to, the following:

- a. USPAP Standards Rules 1-1(a), 1-2(e) and 2-2(a)(iii), by failing to properly ascertain the physical condition of the property, failing to accurately summarize the physical condition of the property, and failing to make appropriate adjustments based upon the physical condition of the property.
- b. USPAP Standards Rule 1-1(b) and 1-4 (a), by making inappropriate and inadequate adjustments when employing the sales comparison approach to valuation, and failing to summarize reasoning for the lack of some adjustments that are typically made by most appraisers (e.g. differences in bedroom count).

6. Per Wis. Stat. § 458.26 (3), "... the board may limit, suspend or revoke any certificate under this chapter... if the... board finds that the... holder of the certificate has done any of the following: (b) Engaged in unprofessional... conduct in violation of rules promulgated under s. 458.24.

7. Per Wis. Admin. Code § RL 86.01 (2), "All appraisals performed in conjunction with federally related transactions and non-federally related transactions shall conform to the uniform standards of professional appraisal practice set forth in Appendix I."

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. By performing appraisals and rendering an appraisal report that does not conform to the Uniform Standards of Professional Appraisal Practice, as set forth more fully above in paragraph 5 of the Findings of Fact, **Frank E. Verges** has committed three or more violations of Wis. Admin. Code § RL 86.01 (2), thereby subjecting himself to discipline per Wis. Stat. § 458.26 (3) (b).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The license and certification of **Frank E. Verges** (# 4-1476) shall be, and hereby is, **SUSPENDED** for a period of THIRTY (30) DAYS, to begin on the date of signing of this Order, October 7, 2009.

IT IS FURTHER ORDERED that:

2. **Frank E. Verges** shall complete no less than FORTY (40) hours of education, which shall consist of the following courses, or equivalent courses if approved in advance by the Board's Monitoring Liaison: (a) Residential Case Studies; and (b) Effective Report Writing, a seven-hour course offered by the Appraisal Institute. At least 50% of the course hours submitted in compliance with this Order must have been conducted on-site in the presence of an instructor. Successful completion of any course ordered by this paragraph shall be defined to include successful completion of any associated exam, if offered. Any course completed pursuant to this paragraph cannot be counted towards Respondent's continuing education obligations. Respondent must complete the Residential Case Studies course within SIX (6) MONTHS of the date of signing of this Order. All other education must be completed within ONE (1) YEAR of the date of signing of this Order.

3. The license and certification of **Frank E. Verges** submit his roster of all appraisals performed to the Department Monitor NINE (9) MONTHS after the date of signing of this Order. The Board's Monitoring Liaison may then select up to three (3) appraisals for review. The Board may then take further disciplinary action based upon these reviews, as it deems necessary in its sole discretion.

4. **Frank E. Verges** shall pay costs of this investigation in the amount of ONE THOUSAND THREE HUNDRED DOLLARS (\$1,300.00) within TWO (2) YEARS of the date of signing of this Order.

5. **Frank E. Verges** shall pay a forfeiture in the amount of ONE THOUSAND DOLLARS (\$1,000.00) within THREE (3) YEARS of the date of signing of this Order.

6. Proof of completion of coursework, payment of costs, and all other submissions required by the Order shall be mailed, faxed, delivered or otherwise transmitted to:

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

7. Case number 07 APP 132 is hereby closed.

8. Violation of any of the terms of this Order may be construed as conduct imperiling public health, safety and well-being and may result in a summary suspension of Respondent's license and certification. The Real Estate Appraisers 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 that Respondent fails to timely submit any payment of costs as set forth above, or fails to comply with the conditions of this Order, the Respondent's license and certification (#4-1476) SHALL BE SUSPENDED, without further notice or hearing, until the Respondent has complied with the terms of this Order.

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

REAL ESTATE APPRAISERS BOARD

By: Marla Britton
A Member of the Board

10/7/09
Date

STATE OF WISCONSIN
BEFORE THE REAL ESTATE APPRAISERS BOARD

IN RE DISCIPLINARY PROCEEDINGS	:	
AGAINST	:	
	:	STIPULATION
FRANK E. VERGES,	:	
	:	LS _____
	:	
RESPONDENT.	:	

Division of Enforcement Case No. 07 APP 132

It is hereby stipulated and agreed, by and between Frank E. Verges, Respondent; David A. Wanta, attorney for Respondent; and Mark A. Herman, attorney for Complainant, State of Wisconsin, Department of Regulation and Licensing, Division of Enforcement, as follows:

1. This Stipulation resolves a pending investigation against Respondent’s licensure and certification by the Division of Enforcement (07 APP 132). Respondent consents to the resolution of this investigation by stipulation and without the issuance of a formal complaint.
2. Respondent understands that by signing this Stipulation he voluntarily and knowingly waives his rights, including: the right to a hearing on the allegations against him, at which time the state has the burden of proving those allegations preponderance of the evidence; the right to confront and cross-examine the witnesses against him; the right to call witnesses on his behalf and to compel their attendance by subpoena; the right to testify himself; 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 him under the United States Constitution, the Wisconsin Constitution, the Wisconsin Statutes, the Wisconsin Administrative Code, and any other provisions of state or federal law.
3. Respondent has been provided with the opportunity to obtain legal counsel prior to signing this Stipulation.
4. Respondent agrees to the adoption of the attached Final Decision and Order by the 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 Enforcement for further proceedings. In the event that this 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 Enforcement and any member of the Real Estate Appraisers Board ever assigned as an advisor in this investigation may appear before the Board, without the presence of Respondent or his attorney, for purposes of speaking in support of this agreement and answering questions that any person may have in connection with the Board’s deliberations on the Stipulation. Additionally, any such Board 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 Enforcement joins Respondent in recommending the Board adopt this Stipulation and issue the attached Final Decision and Order.

FRANK E. VERGES, Respondent
4412 South 65th Street
Greenfield, WI 53220

Date

DAVID A. WANTA, Trapp &
Hartman SC, Attorneys for Respondent
14380 W. Capitol Dr. #1
Brookfield, WI 53005-2323

Date

MARK A. HERMAN
Attorney, Division of Enforcement
1400 East Washington Avenue
Madison, WI 53708-8935

Date