

## WISCONSIN DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES



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STATE OF WISCONSIN  
BEFORE THE REAL ESTATE APPRAISERS BOARD

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IN THE MATTER OF DISCIPLINARY  
PROCEEDINGS AGAINST

STEVEN PALMER,  
RESPONDENT.

:  
:  
: FINAL DECISION AND ORDER  
:  
: ORDER 0001533

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Division of Enforcement Case No. 10 APP 070

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

Steven Palmer  
N5433 Broder Road  
Shawano, WI 54166

Wisconsin Real Estate Appraisers Board  
P.O. Box 8935  
Madison, WI 53708-8935

Division of Enforcement  
Department of Safety and Professional Services  
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 Steven Palmer (dob 3/1/1949) is licensed in the State of Wisconsin as a Certified Residential Appraiser and Licensed Appraiser, having license number 9-453, first issued on 7/17/1992 and current through 12/14/2013. Mr. Palmer's most recent address on file with the Wisconsin Department of Safety and Professional Services (Department) is N5433 Broder Road, Shawano, WI 54166.

2. Mr. Palmer has not been previously disciplined.

3. On or about January 21, 2009, Mr. Palmer performed an appraisal of residential property at 403 S Warrington Street, Cecil, WI 54111-9279.

4. Mr. Palmer's appraisal 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) Rules and/or Standards Rules (SR) as follows:

- a. Mr. Palmer used as a comparable sale a custom construction on the owner's lot that was not exposed to the market and therefore was not an arms-length transaction and does not meet the definition of market value. In addition, assignment conditions (the report is intended to comply with government sponsored enterprise guidelines) specifically prohibit this practice. [SR 1-1(a); SR 1-1(b); Competency Rule]
- b. The subject property was built in 1921 but all three comparable sales analyzed are new construction located in homogeneous newer residential neighborhoods. The subject property's .28 acre site is not similar to comparable sales sites of 2.6 acres, 2.1 acres and .69 acres. The net effect of utilizing inappropriate comparable sales is significant inflation of the value conclusion. [SR 1-1(a); SR 1-1(b); SR 1-4(a); SR 1-2(e)(i); Competency Rule]
- c. Mr. Palmer assigned the subject property an effective age of 1-2 years but failed to support this estimate of effective age by reporting the age and condition of the roof shingles, windows, furnace, water heater, air conditioning, foundation, flooring, paint or any other value-influencing items that require maintenance and are subject to depreciation. Mr. Palmer failed to show the home's floor plan in the building sketch so it is impossible to evaluate the functional utility of the design compared to current standards. Exterior and interior photos (from another appraisal) of the subject property suggest that the effective age of the subject is significantly higher than 1-2 years. [SR 1-1(a); SR 1-1(b); Competency Rule]
- d. Mr. Palmer failed to adjust for value-influencing differences between the subject and comparable sales. [SR 1-1(a); SR 1-1(b); SR 1-1(c); Competency Rule]
- e. By selecting and utilizing inappropriate comparable sales, Mr. Palmer reported a misleading value opinion. [SR 1-1(a); SR 1-1(b); SR 1-1(c); SR 1-4(a); SR 2-1(a); Competency Rule; Conduct Section of the Ethics Rule.]
- f. By assigning an effective age of 1-2 years, Mr. Palmer misrepresented the physical characteristics of the subject. [SR 1-1(a); SR 1-1(b); SR 2-1(a); Conduct Section of the Ethics Rule]
- g. The subject property improvements are situated on a 55' x 203' lot in a small village, surrounded by older residential and commercial properties. There is no discussion or analysis of functional obsolescence due to the second garage (20' x 40') that occupies the rear yard. None of the comparable sales have a secondary outbuilding. Mr. Palmer's \$15,000 adjustment for the second

garage is not credible. Mr. Palmer failed to identify the characteristics of the property that are relevant to the type and definition of value, including its location and physical, legal and economic attributes. [SR 1-2(e)(i)]

- h. Mr. Palmer does not disclose that the subject property is located between two village traffic arteries and instead indicates that "subject is located in a quiet neighborhood." Text in the neighborhood boundaries and neighborhood description does not meet the intent of the form. Mr. Palmer failed to identify the characteristics of the property that are relevant to the type and definition of value, including its location and physical, legal and economic attributes. [SR 1-2(e)(i)]
- i. The correct sale date of Sale 2 is 9/15/2008, not 7/08. Sale 3 site size is .69 acre, not .81 acre. [SR 1-1(c)]
- j. Mr. Palmer did not correctly complete the cost approach, which valued the subject \$125,000 higher than the sales comparison. Mr. Palmer failed to correctly apply functional and external obsolescence. [SR 1-1(b)]
- k. Mr. Palmer did not keep his comparable sales data. [Record Keeping section of Ethics Rule]
- l. Mr. Palmer made sales grid adjustments that do not reflect market reaction to the differences between the subject property and comparable sales. [SR 1-1(a); SR 1-1(b); SR 1-1(c)]
- m. Mr. Palmer failed to perform a sales comparison reconciliation that leads the reader to agree with his rationale, opinions and conclusions. [SR 1-6(a)]
- n. Mr. Palmer's sales comparison approach and reconciliation do not contain sufficient information to enable the intended user to understand it properly. [SR 2-1(b)]

5. Mr. Palmer, for personal reasons, elected to retire from the field of real estate appraisal in 2011, and has not practiced as a real estate appraiser since that time.

6. Mr. Palmer wishes to resolve the complaint filed in Division of Enforcement Case No. 10 APP 070 pursuant to said retirement and the surrender of his appraiser license (no. 9-453).

7. Mr. Palmer does not admit to any of the violations alleged in the complaint filed in Case No. 10 APP 070, but he does not wish to contest them.

#### 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 4.a. - 4.f. and 4.l., Mr. Palmer violated USPAP SR 1-1(a) by failing to be aware of, understand and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal.

3. By the conduct described in Findings of Fact 4.a. - 4.f., 4.j. and 4.l., Mr. Palmer violated USPAP SR 1-1(b) by committing substantial errors of omission and commission that significantly affect the appraisal.

4. By the conduct described in Findings of Fact 4.d., 4.e., 4.i. and 4.l., Mr. Palmer 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 affects the credibility of those results.

5. By the conduct described in Findings of Fact 4.b., 4.g. and 4.h., Mr. Palmer violated USPAP SR 1-2(e)(i) by failing to identify the characteristics of the property that are relevant to the type and definition of value, including its location and physical, legal and economic attributes.

6. By the conduct described in Findings of Fact 4.b. and 4.e., Mr. Palmer violated USPAP SR 1-4(a) by failing to analyze such comparable sales data as are available to indicate a value conclusion when a sales comparison is necessary for credible assignment results.

7. By the conduct described in Finding of Fact 4.m., Mr. Palmer violated USPAP SR 1-6(a) by failing to reconcile the quality and quantity of data available and analyzed within the approaches used.

8. By the conduct described in Findings of Fact 4.f. and 4.e., Mr. Palmer violated USPAP SR 2-1(a) by failing to clearly and accurately set forth the appraisal in a manner that will not be misleading.

9. By the conduct described in Finding of Fact 4.n., Mr. Palmer violated USPAP SR 2-1(b) by failing to include sufficient information to enable the intended user to understand the sales comparison approach and reconciliation.

10. By the conduct described in Findings of Fact 4.e. and 4.f., Mr. Palmer violated the Conduct Section of the USPAP Ethics Rule by communicating assignment results in a misleading or fraudulent manner.

11. By the conduct described in Finding of Fact 4.k., Mr. Palmer violated the Record Keeping Section of the USPAP Ethics Rule by failing to retain a workfile containing the name of the client and the identity, by name or type, of any other intended users; true copies of any written reports, documented on any type of media; summaries of any oral reports or testimony, or a transcript of testimony, including the appraiser's signed and dated certification; and all other data, information, and documentation necessary to support the appraiser's opinions and conclusions and to show compliance with USPAP, or references to the location(s) of such other documentation.

12. By the conduct described in Findings of Fact 4.a. - 4.e., Mr. Palmer violated the USPAP Competency Rule by failing to properly identify the problem to be addressed and failing to have the knowledge and experience to complete the assignment competently.

13. As a result of the above violations, Respondent Steven Palmer has violated Wis. Admin. Code §§ RL (now SPS) 86.01(1) and (2), and is therefore subject to discipline pursuant to Wis. Stat. §§ 458.26(3)(b), (c) and (i).

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. The attached Stipulation is hereby accepted.
2. The VOLUNTARY SURRENDER of the Certified Residential Appraiser and Licensed Appraiser license issued to Respondent Steven Palmer (license number 9-453) is hereby accepted.
3. Mr. Palmer shall not seek to renew his license or certification, or apply for any other license or certification as a real estate appraiser with the State of Wisconsin, Department of Safety and Professional Services, in the future.
4. Mr. Palmer shall not practice real estate appraisal in the State of Wisconsin without being licensed as a real estate appraiser in Wisconsin.
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 further action against Respondent.
6. This Order is effective on the date of its signing.

WISCONSIN REAL ESTATE APPRAISERS BOARD

by:

  
A Member of the Board

5/9/2012  
Date