

FILED
BOARD OF
REAL ESTATE APPRAISERS
CHARLES F. KIRK
Acting Executive Director
12-15-12

STATE OF NEW JERSEY
DEPARTMENT OF LAW & PUBLIC SAFETY
DIVISION OF CONSUMER AFFAIRS
STATE REAL ESTATE APPRAISER BOARD

In the Matter of:

VERONICA PEARCE
License #42RA0015800

CONSENT ORDER

This matter was opened before the New Jersey State Real Estate Appraiser Board (the "Board") upon the Board's receipt of a complaint from Chase Home Lending alleging that respondent Veronica Pearce violated multiple provisions of the Uniform Standards of Professional Appraisal Practice (the "USPAP") when she prepared an appraisal report dated December 18, 2008, on property located at 1902 New Bedford Road, Wall Township, New Jersey (hereinafter the "subject appraisal report"). The Board initiated an investigation upon receipt of said complaint, and has presently secured and considered available information to include, without limitation, two written statements from respondent Pearce regarding the subject appraisal report, the workfile which respondent maintained for the subject appraisal report, and testimony which respondent offered when she appeared before the Board, *pro se*, for an investigative hearing on April 24, 2012. Subsequent to that appearance,

respondent has been represented in this matter by Thomas Harley, Esq.

The subject property was a two room ranch (one bedroom and one bathroom) in Wall Township, with a total gross living area of 618 square feet. Respondent prepared a sales comparison approach (concluding that the indicated value of the property by the sales comparison approach was \$300,000) and a cost approach (concluding that the indicated value of the property by the cost approach was \$300,100), and based thereon appraised the market value of the subject property to be \$300,000 as of December 18, 2008.

The Board finds that respondent violated numerous provisions of the Uniform Standards of Professional Appraisal Practice in the development of the sales comparison approach, to include selecting and analyzing superior properties and failing to identify or consider sales of properties that were far more similar in size and location to the subject property. With regard to size, respondent analyzed properties that, with one exception (comparable sale #3, which respondent reported to be a 700 square foot property), were all much larger than the subject property. Comparable sale #1 was thus identified as a 1200 square foot property and comparable sale #2 was identified as a 1300 square

foot property. Respondent additionally analyzed a 1650 square foot property which was then listed for sale (comparable #7; active listing).

With regard to location, respondent considered properties that were vastly superior in location to the subject property, to include a sale of a property located approximately one-quarter mile from the ocean in Belmar (comparable sale #2) (note: the subject property was located over two miles from the ocean) and a sale of a property in Manasquan (comparable sale #4). While respondent did make downward adjustments for size and location in her report, the Board finds that the adjustments taken were insufficient to account for the substantial disparities in size and location between the comparable sales analyzed and the subject property. The Board further finds that many of the adjustments made were done in an arbitrary and/or improper manner (for example, respondent testified that she based her uniform adjustment for size differences of approximately \$35/square foot on Marshall and Swift cost data and not on any comparative market data - the Board finds that approach to be improper for use in the sales comparison approach).

Finally, the Board found that respondent failed to appropriately reconcile the data that she did develop in the sales comparison approach, and that her report therefore does not support

her value conclusion of \$300,000. The adjusted sales prices of the four closed comparable closed sales that she considered were \$279,000, \$302,000; \$253,000 and \$261,000. Respondent's conclusion that the subject property's market value was \$300,000 is thus at the high end of her bracket and only supported by comparable sale #2, which as noted above was a sale that was markedly dissimilar to the subject property. Respondent did not explain in her report why she concluded that her data would support a reconciliation of \$300,000.

In addition to the noted concerns regarding the manner in which respondent developed the sales comparison approach, the Board finds that, in developing the subject property appraisal, respondent:

- failed to properly verify information set forth in the report, which in turn caused her to misstate factual information, to include without limitation misreporting of the zoning of the subject property.
- failed to maintain required information in her workfile, to include without limitation documentation of conversations she claims to have had with municipal officials regarding the subject property.
- failed to prepare the cost approach in a competent manner, as her opinion of the site value of the property appears to be inflated, and there is no documentation in her workfile that would otherwise support her stated opinion that the site value of the property was \$240,000.

In the aggregate, the Board found that respondent reached a non-credible value conclusion of \$300,000 in the subject property report, and that the report was prepared in a grossly incompetent manner. Specific provisions of the USPAP (in effect in 2008) which were violated include Standards Rules 1-1(b) ("In developing a real property appraisal, an appraiser must not commit a substantial error of omission or commission that significantly affects an appraisal"); 1-1 (c) ("In developing a real property appraisal, an appraiser must not render 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"); 1-4 ("In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results"); 1-4(a) ("When a sales comparison approach is necessary for credible assignment results, an appraiser must analyze such comparable sales data as are available to indicate a value conclusion"); 1-4(b)(i) ("When a cost approach is necessary for credible assignment results, an appraiser must develop an opinion of site value by an appropriate appraisal method or technique"); and 1-6(a) ("In developing a real property appraisal, an appraiser must reconcile the quality and quantity of

data available and analyzed within the approaches used.").

Appraisers licensed or certified by this Board are required, pursuant to N.J.A.C. 13:40A-6.1(a), to ensure that all appraisals, at a minimum, conform to the USPAP. Respondent's preparation of an appraisal report that failed to comply with USPAP requirements provides grounds for disciplinary sanction pursuant to N.J.S.A. 45:1-21(h). Based on the findings set forth above, additional grounds for disciplinary sanction in this matter exist pursuant to N.J.S.A. 45:1-21(c) and (e).

Respondent has presently represented to the Board that she is willing to voluntarily surrender her license to practice real estate appraising in New Jersey, and represents that she is aware that such surrender shall be deemed to be the equivalent of a revocation. The Board being satisfied that respondent's surrender of licensure will obviate the need for any further administrative proceedings and/or the need for the imposition of any administrative penalties, and being further satisfied that good cause exists for the entry of this Order,

IT IS on this 18th day of December, 2012

ORDERED and AGREED:

1. Respondent Veronica Pearce hereby voluntarily surrenders her license to practice real estate appraising in the

State of New Jersey. Respondent's surrender of licensure is deemed to be the equivalent of a revocation of license.

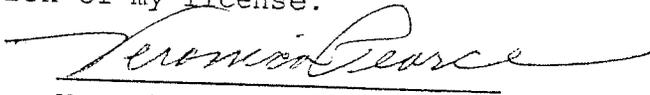
NEW JERSEY STATE REAL
ESTATE APPRAISER BOARD

By:



John A. McCann
Board President

I hereby acknowledge that I have read and considered the terms of this Order, and consent to the entry of the Order as a matter of public record by the Board. I acknowledge that I am hereby voluntarily surrendering my license to practice real estate appraising in the State of New Jersey, and that such surrender shall be deemed by the Board to be the equivalent of a revocation of my license.



Veronica Pearce

Dated: December 17, 2012

Consent given to the form of Order and entry of the Order by the Board.



Thomas Harley, Esq.
Counsel for Respondent

Dated: 12/14/12