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

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In the matter of:

MICHAEL A. CENATIEMPO, SCRREA                      CONSENT ORDER  
Certification #42RC00242200

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This matter was opened before the New Jersey State Real Estate Appraisers Board (the "Board") upon the receipt of a complaint from Rhanfy Rosario alleging generally that respondent Michael A. Cenatiempo, SCRREA, engaged in negligence or incompetence when preparing an appraisal (with an effective date of October 2, 2012) on property located at 385 16<sup>th</sup> Avenue, Irvington, New Jersey (hereinafter the "subject property appraisal"). In reviewing this matter, the Board has considered Mr. Rosario's complaint (along with supporting documentation), respondent's written response to the complaint received by the Board on July 25, 2013, the subject property appraisal, the work file respondent maintained for the subject property appraisal (provided to the Board on or about April 4, 2014) and testimony which respondent offered when he appeared before the Board, *pro se*, for an investigative hearing on March 25, 2014.

Upon review of all available information, the Board finds that the subject property was a two family detached residential property located in Irvington, New Jersey. The property sold for \$62,500 in March 2012, and thereafter both units were substantially renovated in May 2012. At the time respondent prepared the subject property appraisal, the property was under contract dated August 25, 2012 for a sales price of \$210,000, with a \$10,000 seller's concession (prior to the contract date, the property had been listed at \$210,000 for 66 days). Respondent valued the property by the sales comparison approach (\$130,000), income approach (\$140,000) and cost approach (\$164,307), placed greatest weight on the sales comparison approach, and opined that the market value of the property was \$130,000.

The Board finds that, when preparing the subject property appraisal, respondent:

-- failed to accurately describe the condition of the subject property: Respondent reported that the subject property was in "average" condition, however it appears that the subject property (both units of which had been substantially renovated in May 2012) was in "good" or better condition and should have been so reported. Additionally, given the contrast between the condition of the subject property and properties in the subject's surrounding neighborhood, respondent should have identified the property as being "over improved" within the appraisal report, and should have

analyzed and/or discussed the fact that the property was "over improved" in the appraisal report.

-- failed to verify the condition of the three comparable sales identified in the sales comparison approach: Respondent did not verify information regarding the condition of any of the three comparable sales, but nonetheless applied adjustments in the sales comparison approach for the condition of kitchens and bathrooms in each comparable sale (respondent reported the condition of kitchens and baths in the subject property as "modern" and reported the condition of kitchens and baths in each of the comparable sales as "semi/modern," and then applied an aggregate +10,000 adjustment to each comparable sale based on the reported differences in condition).

-- failed to sufficiently analyze both the prior sale of the subject property which occurred in March 2012 and the contract of sale executed in August 2012: While respondent reported that the subject property sold on March 5, 2012 for \$60,500, he failed to analyze that sale or include any explanation in the report detailing or explaining the reasons why the property value would have appreciated thereafter. Similarly, while respondent reported that the property was under contract dated August 25, 2012 for sale at a price of \$210,000, he failed to note the seller's concession of \$10,000 in his initial report, and failed to analyze the contract and/or otherwise address or explain why the contract price

was for an amount substantially greater than both the appraised value of the property and the sales price of the property in March 2012.

-- failed to reconcile data in the report: Respondent opined that the adjusted value of comparable sale #1 was \$182,000, the adjusted value of comparable sale #2 was \$130,500 and the adjusted value of comparable sale #3 was \$126,500 (he further opined that the adjusted value of the one "listing" identified as comparable sale #4 was \$161,400). He then concluded, without providing any explanation at all as to how data was reconciled, that the indicated value by the sales comparison approach was \$130,000. A reader of the report would have no idea how respondent reached that conclusion and why he seemingly ignored or failed to consider the sales which suggested values far above \$130,000.

-- failed to properly develop the cost approach, and falsely stated that the source of cost data was "local builders and contractors": In preparing the cost approach, respondent used a cost of construction for the dwelling of \$50/square foot, and reported that the source of his cost data was "local builders and contractors." Respondent maintained no documentation, however, in his workfile to support the statement that the cost data had been obtained from local builders and contractors.

Based on the above delineated findings, the Board concludes that respondent violated 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"), 1-4 ("In developing a real property appraisal, an appraiser must collect, verify, and analyze all information necessary for credible assignment results."), 1-5(a) and 1-5(b) ("When the value opinion to be developed is market value, an appraiser must, if such information is available to the appraiser in the normal course of business: (a) analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal; and (b) analyze all sales of the subject property that occurred within the three years prior to the effective date of the appraisal"), 1-6(a) ("In developing a real property appraisal, an appraiser must: (a) reconcile the quality and quantity of data available and analyzed within the approaches used") and 2-1(b) ("Each written or oral real property appraisal report must contain sufficient information to enable the intended users of the appraisal to understand the report properly.") Additionally, taken in aggregate, the Board finds that respondent lacked the necessary competency to complete the subject property appraisal, and thus violated the requirements of the Competency Rule of the USPAP by failing to either acquire the necessary competency or withdraw from the assignment. Finally, the Board finds that respondent violated the Ethics Rule of USPAP, by

falsely stating that the source of cost data reported in the cost approach was local contractors and builders.

The cited violations constitute professional misconduct as specified within N.J.A.C. 13:40A-6.1 (requiring that an appraiser must ensure that all appraisals conform to the USPAP, and that failure to comply with provisions of the USPAP may be construed to be professional misconduct). The Board thus concludes that cause for disciplinary sanction against respondent exists pursuant to both N.J.S.A. 45:1-21(e) (engaging in professional misconduct) and 45:1-21(h) (failing to comply with provisions of Board regulations). The parties desiring to resolve this matter without the need for further administrative proceedings, and the Board finding that good cause exists for the entry of the within Order,

IT IS on this 17<sup>th</sup> day of July, 2014:

ORDERED and AGREED:

1. The certification of respondent Michael A. Cenatiempo to practice real estate appraising in the State of New Jersey is hereby suspended for a period of one year, the entirety of which shall be stayed and served as a period of "probation," provided that respondent complies with all other terms and conditions of this Order.

2. Respondent is assessed a civil penalty in the amount of \$5,000, which penalty shall be payable in thirty-six monthly

installments of \$138.89 per month, with the first installment to be due and payable not later than July 24, 2014 and each successive payment to be due and payable not later than the 24<sup>th</sup> day of each month thereafter (the final payment shall be due and payable not later than June 24, 2017). In the event respondent fails to timely make required monthly payments, the balance remaining on the \$5000 penalty shall be deemed to be immediately due and owing in full. In such event, the parties stipulate that respondent's certification may then be immediately and fully suspended. In the event an Order of immediate suspension is entered for failure to make required payments, respondent's certification shall thereafter continue to be actively suspended until such time as he pays the entire penalty assessment, and written notice of reinstatement is provided by the Board to respondent.

3. Respondent is hereby assessed costs, limited to transcript costs, in the amount of \$308.50, which costs shall be due and payable in full at the time of entry of this Order.

4. Respondent shall, within six months of the date of entry of this Order, be required to successfully complete: (1) a 15 hour Site Valuation and Cost Approach course; (2) a 15 hour Residential Report Writing and Case Studies course; and (3) a 15 hour Uniform Standards of Professional Appraisal Practice course. Prior to commencing said courses, respondent shall provide all available information regarding the courses he proposes to take to

the Executive Director of the Board, and shall obtain pre-approval, in writing, from the Executive Director for all proposed courses. Respondent shall thereafter be responsible to ensure that documentation of successful completion of each course is forwarded by the course provider to the Board (said documentation must be provided within thirty days of the date of respondent's completion of the course). In the event that respondent fails to successfully complete the course work required herein in a timely fashion (that is, in the event the Board does not receive documentation of successful completion of the required course no later than seven months from the date of entry of this Order), respondent shall be deemed to have failed to comply with the terms of this Order. In such event, the parties expressly agree that any remaining period of probation shall be immediately terminated, and that respondent's certification shall then be immediately and fully suspended. In the event an Order of immediate suspension for failure to comply with the terms of this Order is entered, respondent's certification shall thereafter continue to be actively suspended until such time as he successfully completes the required course work, documentation

thereof is submitted to the Board, and written notice of reinstatement is provided by the Board to respondent.

NEW JERSEY STATE REAL ESTATE  
APPRAISERS BOARD

By: Cheryle A. Randolph-Sharpe / C.A.  
Cheryle A. Randolph-Sharpe  
Board President

I represent that I have carefully read and considered this Order, and consent to the entry of the Order by the Board.

Michael A. Cenatiempo  
Michael A. Cenatiempo, SCRREA

Dated:

7/16/14